



STATE OF DELAWARE
EXECUTIVE DEPARTMENT
DELAWARE DEVELOPMENT OFFICE

TELEPHONE: (302) 739 - 4271
FAX NO.: (302) 739 - 5749

December 21, 1992

Ms. Joan Armstrong
U.S. Environmental Protection Agency
PRP Search Section (3HW11)
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Standard Chlorine Superfund Site
Delaware City, Delaware

Dear Ms. Armstrong:

This letter is in response to our telephone conversation and in response to Mr. Larry S. Miller's letter dated November 25, 1992 to Mr. John J. Casey, Jr.

Question 1.(a):

Provide the dates Delaware Development Office ("DDO") obtained ownership of the site and describe all operations conducted at the site during DDO's ownership.

Response:

To the extent that it is determined, the Delaware Development Office might have an ownership position in the subject sites, those ownership positions are only as security positions. We do not and have not ever considered ourselves owners or operators of the sites. Our name was only added on the titles as a means of securing Industrial Revenue Bonds that we issued on behalf of Standard Chlorine of Delaware, Inc.

As background, the Delaware Development Office (as successor to the Department of Community Affairs and Economic Development) is the primary Industrial Revenue Bond (IRB) issuer in the State of Delaware for economic development projects. Prior to 1981, most IRB's were guaranteed by the full faith and credit of the State. In order to secure the State's guarantee, the Delaware Development Office was placed on the title. This was done solely for security purposes.

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Specifically with regards to Standard Chlorine of Delaware, Inc., they financed four projects with IRB's through our office. The projects are as follows:

IRB #1. Date IRB was issued: June 1, 1965 - Standard Chlorine of Delaware, Inc. Proceeds were used to build the original building. These bonds were fully paid off on June 1, 1985. We have no files on this project.

IRB #2. Date IRB was issued: November 15, 1970 - Standard Chlorine of Delaware, Inc. (Project Number 2). Proceeds were used for a building expansion. These bonds were fully paid off on November 15, 1990. We acquired security positions on two parcels of real estate. The Deeds are attached for your review, we do not know the specific parcel numbers. It is our understanding that once IRB #2 was paid in full that DDO no longer had a security interest in the real property involved with those sites.

IRB #3. Date IRB was issued: November 1, 1976 - Standard Chlorine of Delaware, Inc. (Project Number 3). Proceeds were used for pollution control devices. These bonds were fully paid off on November 1, 1986.

IRB #4. Date IRB was issued: December 18, 1984 - Standard Chlorine Chemical Co., Inc. (Project Number 4). Proceeds were used for research and development facilities. These bonds will not be paid off until December 18, 1994.

Question 1.(b):

Provide all documents evidencing such ownership, including, but not limited to, deeds, purchase agreements, leases, etc.

Response:

As we discussed on the telephone, we have a stack of documents approximately eighteen inches in height on the Standard Chlorine of Delaware, Inc., projects. You or your representative(s) may come to our Dover, Delaware office at your convenience to review the files. As you requested, enclosed are the following:

1. Indenture of trust data November 15, 1970, pertaining to IRB #2.
2. Two separate Deeds obtained by DDO through IRB #2.
3. Trust Indenture dated November 1, 1976, pertaining to IRB #3.
4. Loan Agreement dated December 21, 1984, pertaining to IRB #4.

As mentioned above, we have no documents with regards to IRB #1.

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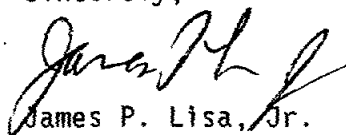
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The individual assisting in the preparation of this response other than myself includes:

Mrs. Lee K. Porter
Bond Administrator
Delaware Development Office
99 Kings Highway
P. O. Box 1401
Dover, Delaware 19903
(302) 739-4271

If you have any further questions, please call.

Sincerely,



James P. Lisa, Jr.
Director, Business Finance

JPL:zt
Enclosure

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(Rev)

File
Sign! Copy
Standard Chlorine

This Indenture of Trust dated the 15th day of November, 1970, by and between the DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT, an agency of the State of Delaware (hereinafter referred to as "Department"), and Farmers Bank of the State of Delaware, a bank duly organized and existing under the laws of the State of Delaware, and having its principal office in the City of Wilmington, County of New Castle, and State of Delaware (hereinafter referred to as "Trustee").

W I T N E S S E T H :

WHEREAS, the Department of Community Affairs and Economic Development is an agency of the State of Delaware created by 29 Del. C. Chapter 36, and is empowered to undertake the creation, development, improvement, operation, extension, enlargement, maintenance and repair of a "certified project" as that term is described in Title 6, Del. C. Chapter 70 as amended (hereinafter referred to as "Act"); and

WHEREAS, Department has determined to issue its Bonds in the aggregate principal amount of \$750,000 to finance the construction and development of the Project hereinafter described; and

WHEREAS, the Department has entered into a Lease with Standard Chlorine of Delaware, Inc. (hereinafter referred to as "Leasing Corporation").

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a corporation organized and existing under the laws of the State of Delaware, a copy of which is annexed hereto and marked Exhibit "A", agreeing to lease the Project to the Leasing Corporation; and

WHEREAS, the Secretary of said Department has approved the form and content of this Indenture by his instrument in writing; and

WHEREAS, the Trustee by execution of the Indenture will accept the trusts created by this Indenture:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds, with the coupons for interest, are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all the Bonds at any time issued and outstanding hereunder and the interest thereon according to their tenor, purport and effect and in order to secure the performance and observance of all of the covenants, agreements and conditions therein and herein contained, the Department has pledged and assigned and does hereby pledge and assign to the Trustee the amounts received and

to be received as "Revenues" from the Leasing Corporation, pursuant to the provisions of the Lease between the Department and Leasing Corporation as more particularly set forth in the said Lease, to the extent provided in this Indenture as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by the Department in connection with such Bonds, and it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future holders of the Bonds and interest coupons issued and to be issued under this Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issuance, sale or negotiation thereof, or otherwise as follows:

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ARTICLE I

GENERAL PROVISIONS

Section 101. DEFINITIONS. Whenever the following terms, or any of them, are used in the Indenture, the same, unless the context shall indicate another or different meaning or intent, shall be construed, are used and are intended to have meanings as follows:

(1) "Act" means Title 6, Delaware Code, Chapter 70, as amended.

(2) "Bond" or "Bonds" means any of the bonds authenticated and delivered under and pursuant to the Indenture.

(3) "Authorization" means the authorization or authorizations with respect to the details of the Bonds to be issued, adopted by the Department in accordance with the provisions of Section 204, hereof.

(4) "Department" means the Department of Community Affairs and Economic Development created by 29 Delaware Code, Chapter 86.

(5) "Construction Fund" means the Industrial Development Construction Fund so designated in Article V, hereof.

(6) "Cost of the Project" shall have the meaning ascribed thereto by Section 505 of this Indenture.

(7) "Extraordinary Services" means services rendered by Trustee which services are proximately

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caused by any default under the Lease, and any fees invoiced by Trustee for Extraordinary Services are Extraordinary Fees.

(8) "Indenture" shall mean this Indenture of Trust, as amended and supplemented pursuant to Article IX, hereof.

(9) "Industrial Development Revenue Bond and Interest Fund" means the fund so designated in Article IV, hereof.

(10) "Lease" means the lease entered into between the Department and Leasing Corporation annexed hereto and marked Exhibit "A", or any subsequent leases hereinafter entered into by the Department covering and pertaining to the Project or any part thereof.

(11) "Leasing Corporation" or "Lessee" means Standard Chlorine of Delaware, Inc., the lessee under the Lease annexed hereto, or any sublessee or assignee thereof, or a lessee under another lease of the Project or any part hereof, hereafter entered into.

(12) "Ordinary Services" means the services of Trustee in paying principal and interest and performing any other services not proximately caused by the default of Lessee under the Lease and any fees invoiced for such services are "Ordinary Fees".

(13) "Paying Agent" means any agency designated by the Department as an agent to pay the Bonds, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

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(14) "Project" means the industrial buildings which are all-purpose buildings, suitable for rental to general manufacturing industry or buildings or machinery readily marketable, including the land and easements necessary thereto, located at Delaware City, County of New Castle, State of Delaware, and further including all machinery and equipment purchased with proceeds of the Bonds, whether located on the leased land or elsewhere, said land and easements being more particularly described as follows:

a) Parcel 1

Description of property to be conveyed to Department of Community Affairs, and Economic Development, by Standard Chlorine of Delaware, Inc., located on Governor Lea Road, (State Maintenance Road No. 405), Red Lion Hundred, New Castle County, Delaware.

BEGINNING at a point on the northeasterly side of Governor Lea Road, said point of Beginning being a corner for lands of the Diamond Shamrock Corporation, said point of Beginning being distant North 86°-34'-10" West, 1386.03 feet measured along the said northeasterly side of Governor Lea Road and the extension thereof from its point of intersection with the center line of River Road; thence from said point of Beginning and along the said northeasterly side of Governor Lea Road, North 86°-34'-10" West, 75.14 feet to a point; thence along line of lands to be retained by Standard Chlorine of Delaware, Inc., Due North 580.43 feet to a point in line of said lands of the Diamond Shamrock Corporation; thence thereby the two following described courses and distances: (1) Due East, 75.0 feet to an iron pipe; and (2) Due South, 584.93 feet to a point on the said northeasterly side of Governor Lea Road and the point and place of BEGINNING. CONTAINING within such metes and bounds, 1.003 acres of land, be the same more or less.

Parcel 2

Description of property to be conveyed to the Department of Community Affairs and Economic Development by Diamond Shamrock Corp., located North of Governor Lea Road, Red Lion Hundred, New Castle County, Delaware.

BEGINNING at an iron pipe, a corner for lands of Standard Chlorine of Delaware, Inc., and lands of Diamond Shamrock Corp., said point of Beginning being distant the

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two following described courses and distances measured from the point of intersection of the extension of the northeasterly side of Governor Lea Road with the center line of River Road: (1) along the said northeasterly side of Governor Lea Road and the extension thereof, North $86^{\circ}-34'-10''$ West, 1386.03 feet to an iron pipe; (2) along the division line between said lands of Standard Chlorine of Delaware, Inc., and lands of Diamond Shamrock Corp., Due North 584.93 feet to said point of BEGINNING; thence from said point of Beginning and along the northerly line of said lands of Standard Chlorine of Delaware, Inc., Due West, 405.35 feet to an iron pipe; thence through lands of said Diamond Shamrock Corp., the three following described courses and distances: (1) Due North 538.00 feet to a point; (2) Due East, 405.35 feet to a point; and (3) Due South 538.00 feet to an iron pipe and the point and place of BEGINNING. CONTAINING within such metes and bounds, 5.006 acres of land, be the same more or less.

b) Personal property as described in Schedules to be attached to the Lease.

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(15) "Redemption Price" in the case of any particular Bond means the principal amount of such Bond plus the applicable redemption premium, if any, and accrued interest payable on the date it is to be redeemed.

(16) "Revenues" shall mean the rents and any other revenues or receipts which may accrue to the Department or its account from the Project, including all payments which the Leasing Corporation is obligated to pay under the Lease.

(17) "Trustee" means Farmers Bank of the State of Delaware and its successor or successors or any other corporation which may at any time be substituted in its place pursuant to the Indenture.

(18) Words importing the singular number include the plural number and vice versa and words importing persons include firms, corporations and associations.

(19) Words importing the redemption or redeeming or calling for redemption of bonds do not include or connote the payment of bonds at their stated maturity, or the payment of bonds upon declaring such bonds due and payable in advance of their maturity, or the purchase of bonds.

(20) Articles and Sections mentioned or described by number are the respective Articles and Sections of the Indenture so numbered.

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Section 102. OBLIGATION OF BONDS. The Bonds shall be special obligations of the Department payable solely from the revenues of the Project, which are pledged to the payment of the principal and Redemption Price of and interest on the Bonds.

The full faith and credit of the State of Delaware is not pledged to the Bonds, and neither the State of Delaware nor any of its agencies, including the Department, shall have any pecuniary or other liability for the payment of principal, interest or other charges arising out of this Indenture.

ARTICLE II

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AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. BOND ISSUE. For the purpose of providing funds to defray the cost of said Project, and of the refunding hereinafter described, there shall be issued revenue bonds of the said Department to be known and designated as "Delaware Department of Community Affairs and Economic Development Revenue Bonds Series SC70" in the maximum principal amount of Seven Hundred Fifty Thousand Dollars (\$750,000), which shall be dated November 15, 1970, or such other date or dates as the Department may designate by authorization. Said Bonds shall bear interest from their date at the rate of eight per centum per annum.

Principal and semi-annual interest shall be payable at Farmers Bank of the State of Delaware in the City of Wilmington, State of Delaware. Said interest shall be payable on May 15, 1971 and semi-annually thereafter on November 15 and May 15 in each year. Principal shall be payable on each November 15, in the following amounts in the following years:

1971	\$15,000	1981	\$35,000
1972	15,000	1982	35,000
1973	20,000	1983	45,000
1974	20,000	1984	45,000
1975	20,000	1985	45,000
1976	25,000	1986	55,000
1977	25,000	1987	55,000
1978	25,000	1988	65,000
1979	30,000	1989	65,000
1980	35,000	1990	75,000
	<u>230</u>		<u>750,000</u>

If less than all authorized bonds are issued, the amounts due in each year shall be reduced by the proportion of principal amount of Bonds issued to the maximum amount authorized herein, rounded up to the nearest multiple of \$5,000.

All Bonds issued under and secured by this Indenture shall be numbered in such manner as shall hereafter be determined by authorization of the Department.

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Each registered Bond without coupons shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon an interest payment date, in which case it shall be dated as of the date of its authentication, or as of the same date as the coupon Bonds if authenticated prior to the first interest payment date of such Bonds; provided, however, that if at the time of authentication of any registered Bond without coupons any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on said Bond has been paid.

All definitive Bonds shall be issued in coupon form payable to bearer and registrable as to principal alone, or as to both principal and interest, or in registered form without coupons. All Bonds in coupon form shall be issued in the denomination of \$5,000 each and all registered Bonds without coupons shall be issued in the denomination of \$5,000 or any integral multiple thereof. Said Bonds shall mature as to principal only on November 15, 1990.

Section 202. AUTHORIZATIONS. All matters not determined by the Indenture, including matters with respect to the sale of the Bonds, shall hereafter be determined by Authorization of the Department.

Section 203. ISSUANCE AND DELIVERY OF BONDS. The Bonds may be executed and delivered to the Trustee for authentication, and upon compliance with the requirements of Section 204 the

Trustee shall thereupon authenticate and deliver such Bonds upon the authorization of the Department.

Section 204. CONDITIONS PRECEDENT TO DELIVERY OF BONDS. The Trustee shall not deliver to or upon the authorization of the Department any of the Bonds unless theretofore or simultaneously therewith there shall have been delivered to the Trustee:

- (a) Copies of the Authorization or Authorizations issued by the Department in accordance with the provisions of Section 202, hereof, certified by the Secretary thereof;
- (b) An opinion of the Counsel selected by the Leasing Corporation and satisfactory to the Trustee to the effect Lessor has a good and marketable title in fee simple, free and clear of all liens and encumbrances to the real estate upon which the Project shall be constructed, except for easements and reservations not materially adversely affecting the operation of the Project.
- (c) Certified copies of the Authorization issued by the Department whereby the Department has approved the Indenture.
- (d) An opinion of counsel selected by the Department and satisfactory to the Trustee stating that (1) the Indenture has been duly and lawfully executed by the Trustee and the Department and is in full force and effect and is valid and binding upon the Department and enforceable in accordance with its terms, that the pledge of and lien on the Revenues created by the Indenture are valid and binding, and that the Department is duly authorized and empowered to issue such Bonds and, upon the execution, authentication and delivery thereof such Bonds will be valid

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and legally binding special obligations of the Department entitled to the benefit of the Indenture, (2) said Authorization or Authorizations by the Department set forth in subparagraph (c) hereof, have been duly and lawfully adopted by the Department;

- * (e) The moneys required to be paid for the Bonds as stated in the Authorization of the Department referred to in Section 202 hereof.

Section 205. APPLICATION OF PROCEEDS OF BONDS. The Trustee shall apply the moneys received by it in payment for the Bonds as set forth in the Authorization of the Department referred to in Section 202 and subparagraph (e) of Section 204 as follows and in the following order:

First: The Trustee shall deposit in the Principal and Interest Account in the Industrial Development Revenue Bond and Interest Fund an amount equal to the accrued interest, if any, included in the proceeds of sale of the Bonds.

Second: The Trustee shall pay to the Department for the account of the Council on Industrial Financing, an initiation fee in the amount of Three Thousand Seven Hundred Fifty Dollars (\$3,750).

Third: The Trustee shall pay to or for the account of the Leasing Corporation a sum sufficient to pay administrative, land acquisition, engineering, accounting, financing legal and other necessary incidental expenses (including the expenses of the Department chargeable to the Project) in connection with the issuance of the Bonds, as certified by Authorization of the Department.

Fourth: The Trustee shall pay to Leasing Corporation a sum equal to expenditures of Leasing Corporation prior to the date of delivery of the Bonds for any purpose which would be an authorized purpose pursuant to Article V hereof, upon delivery to Trustee of the documentation required by Article V hereof.

Fifth: The Trustee shall deposit the balance of such moneys in a Construction Fund established in compliance with Section 501.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDSSection 301. PLACE AND MEDIUM OF PAYMENT. The

interest on, and principal and Redemption Price (if any) of each of the Bonds shall be payable at the principal office of each Paying Agent (if there be more than one) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payment of the interest on the coupon Bonds accruing on or prior to maturity shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively falls due. The principal of all registered Bonds without coupons and of all coupon Bonds registered as to principal alone shall be payable at the principal office of the Trustee and payment of the interest on each registered Bond without coupons and on each coupon Bond registered as to principal and interest shall be made on each interest payment date, to the person appearing on the registration books kept for that purpose by the Trustee as the registered owner thereof, by check or draft mailed to such registered owner at his address as it appears on such registration books.

Section 302. EXCHANGE OF BONDS. Coupon Bonds, upon surrender thereof at the principal office of the Trustee with all unmatured coupons and all matured coupons in default, if any, pertaining thereto, may, at the option of the holder or registered owner thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity and interest rate of the authorized denominations.

Registered Bonds, upon surrender thereof at the principal office of the Trustee, together with an assignment executed by the registered owner or his attorney in such form as

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shall be satisfactory to the Trustee, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same maturity and interest rate with coupons attached representing all unpaid interest due or to become due thereon, or of registered Bonds of the same maturity and interest rate of any other authorized denominations.

Section 303. TRANSFER AND REGISTRATION OF BONDS.

Title to any coupon Bond, unless such Bond is registered as to principal alone or as to principal and interest in the manner hereinafter provided, and to any interest coupon, unless such Bond shall be registered as to principal and interest, shall pass by delivery in the same manner as a negotiable instrument payable to bearer. At the option of the bearer, any coupon Bond may be registered as to principal alone or as to both principal and interest on books for the registration and transfer of bonds, kept by the Trustee as Bond Registrar, upon presentation thereof to the Trustee, which shall make notation of such registration thereon. Any Bond registered as to principal alone or as to principal and interest may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney in such form as shall be satisfactory to the Trustee as Bond Registrar, such transfer to be made on such books and endorsed on the Bond by the Trustee. Such transfer may be to bearer and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. Registration of any coupon Bond as to principal alone, however, shall not affect the negotiability by delivery of the coupons pertaining to such Bond, but every such coupon shall continue to pass by delivery merely and shall remain payable to bearer.

Any registered Bond may be transferred only upon said books kept for the registration and transfer of Bonds, upon presentation thereof at the corporate trust office of the Trustee, together with

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an assignment duly executed by the registered owner or his duly authorized attorney in such form as shall be satisfactory to the Bond Registrar. Upon the transfer of any such registered Bond, there shall be executed in the name of the transferee, and the Trustee shall authenticate and deliver, a new registered Bond or Bonds of the same maturity and interest rate of any of the authorized denominations, or, at the option of the transferee, coupon Bonds with coupons attached representing all unpaid interest due or to become due thereon, of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

In all cases in which Bonds shall be exchanged, or registered Bonds shall be transferred hereunder, there shall be executed, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of this Indenture. All Bonds and coupons surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. The Department and the Trustee may make a charge for every such exchange or transfer of bonds sufficient to reimburse them for any tax, fee or other governmental charge, required to be paid with respect to such exchange or transfer. The cost of preparing each new Bond delivered upon such exchange or transfer, and any other expenses of the Department or Trustee

incurred in connection therewith, shall be paid by the holder or registered owner of such Bond, except that Bonds issued initially in registered form without coupons may be converted into an equivalent amount of coupon Bonds one time at the expense of the Department. Neither the Department nor the Trustee shall be required to make any such exchange or transfer of a Bond during the ten (10) days next preceding an interest payment date on such Bond or after such Bond or portion of registered Bond has been called for prior redemption or, in the case of any proposed prior redemption of Bonds or portions of registered Bonds, during the ten (10) days next preceding the date of the first publication of notice of redemption thereof.

Section 304. PAYMENTS OF REGISTERED BONDS. As to any registered Bond, or any coupon Bond registered (other than to bearer) as to principal only or both principal and interest, the person in whose name the same shall be registered shall be deemed to be and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond and the interest on such a registered Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such

payments shall be valid and effectual to satisfy and discharge the liability upon Bond, including the interest thereon, to the extent of the sum or sums so paid. The Department, the Trustee and the Paying Agents may deem and treat the bearer of any coupon Bond registered to bearer or not registered as to principal, and the bearer of any coupon pertaining to any coupon Bond, whether or not such coupon Bond shall be registered as to principal, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall have matured or not, for the purpose of receiving payment thereof and for all other purposes whatever and neither the Department the Trustee nor the Paying Agents shall be affected by any notice to the contrary.

Section 305. FORM OF BONDS, COUPONS,

CERTIFICATE OF THE DEPARTMENT AND TRUSTEE'S CERTIFICATE.

Subject to the provisions of the Indenture, each Bond, the coupons to be attached thereto, the certificate of authentication by the Trustee and the provisions for registration to be endorsed thereon shall be respectively, in substantially the following form, with such omissions, insertions, endorsements and variations as may be required or permitted by the Indenture or by the authorizations adopted pursuant to the provisions of Section 202 or as may be consistent with the Indenture or with said Authorizations.

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or appropriate to conform to any usage or requirement of law with respect thereto:

(Form of Coupon Bond)

STATE OF DELAWARE
DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT
INDUSTRIAL DEVELOPMENT BOND

\$5,000

No. _____

Department of Community Affairs and Economic Development (hereinafter called the "Department"), an agency of the State of Delaware, for value received hereby promises to pay to the bearer hereof, or, if this Bond be registered, to the registered owner hereof but solely from the special fund hereinafter described on November 15, 1990, the principal sum of FIVE THOUSAND DOLLARS (\$5,000) and to pay, solely from said special fund, interest on said sum at the rate of 8% per annum, payable on May 15, 1971 and semi-annually thereafter on November 15 and May 15 in each year until the Department's obligation with respect to the payment of such principal sum shall be discharged and upon presentation and surrender of said coupons as they severally become due, or, if this Bond be registered as to interest as well as principal, to the registered owner hereof. Both principal of and interest on this Bond will be payable at the principal office of the Farmers Bank of the State of Delaware, in the City of Wilmington, State of Delaware, Trustee under the Indenture as such Trustee (hereinafter called the "Trustee"), in any coin or currency of

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the United States of America which, on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. The principal of this Bond, if registered, is payable only at the principal office of the Trustee in like coin or currency.

This Bond is one of an issue aggregating Seven Hundred Fifty Thousand Dollars (\$750,000) (hereinafter referred to as "Bonds") of like date and tenor, except as to number, denomination, maturity and rate of interest, issued or to be issued under the provisions of Title 6, Delaware Code, Chapter 70, as amended, herein called the "Act", and under and pursuant to an Indenture executed as of November 15, 1970, by and between the Department and Farmers Bank of the State of Delaware in the City of Wilmington, County of New Castle and State of Delaware, as Trustee, and Authorizations adopted by the Department for the purpose of paying the cost of acquiring and constructing industrial buildings which are all-purpose buildings suitable for rental to general manufacturing industry or machinery readily marketable (hereinafter called "Project") as provided in the Act. This Bond and the other Bonds of this issue have been or will be issued under and will all be equally and ratably secured by said Indenture of Trust, and pursuant to the said Indenture of Trust

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(204)

there has been created a special fund, known as the Industrial Development Revenue Bond and Interest Fund, which is required by the said indenture to be held in trust by the Trustee and to be applied solely to the payment of the principal of the Bonds as they severally mature and the interest thereon as the same becomes due and the redemption price of any Bond redeemed in accordance with the provisions of said Indenture.

Reference is hereby made to the Indenture and the Lease annexed thereto for a description of the property therein leased, and the rents, revenues and income thereby pledged, the nature and extent of the security, and a statement of the rights of the holder hereof with respect thereto. Each holder, by the acceptance of this Bond, consents to all of the provisions of the Indenture.

The Department has covenanted and agreed in the Indenture and does hereby covenant and agree to keep the Project leased at rentals sufficient to pay the principal of and interest on the Bonds as the same shall mature and come due; to cause the Project to be kept and maintained in good repair and operating condition by the lessee thereof or otherwise; to cause adequate and proper insurance to be taken out and maintained on the Project; to use every reasonable effort to collect all rents, revenues and income due and to become due on account

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of the leasing of the Project and to apply all of such rents, revenues and income to the payment of the principal of and interest on the Bonds as they mature and come due, except as hereinbefore provided.

This Bond, together with interest hereon, is payable solely from the rents, revenues and income derived from the leasing of the Project. This Bond and the other Bonds of this issue of Bonds, together with interest thereon and hereon, are not a debt of the Department or the State of Delaware and shall never constitute an indebtedness of the Department or the State of Delaware and shall never give rise to a pecuniary liability of the Department or the State of Delaware or a charge against the general credit of the Department or the State of Delaware nor shall this Bond, or the other Bonds of this issue of Bonds, be payable out of any funds other than the rentals, revenues and income obtained from the leasing of the Project.

The Bonds of this issue of which this Bond is one are issuable as coupon Bonds, registrable as to principal alone, or as to principal and interest, in the denomination of Five Thousand Dollars (\$5,000), and as registered Bonds without coupons in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof. Registered Bonds without coupons may be exchanged for a like aggregate principal

amount of coupon Bonds of the same maturity and bearing the same rate of interest, of any authorized denominations, and coupon Bonds, with all coupons, due or to become due, attached may in like manner be exchanged for a like aggregate principal amount of registered Bonds without coupons of the same maturity and bearing the same rate of interest, of any authorized denominations, all in the manner and upon payment of the charges, if any, provided in the Indenture.

This Bond may be registered in the name of the holder thereof in conformity with the provisions endorsed hereon and subject to the terms and conditions set forth in the Indenture, and unless so registered this Bond shall be transferable by delivery.

Neither this Bond or any coupons for interest thereon shall be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the certificate of authentication hereon has been duly executed by the Trustee.

IN WITNESS WHEREOF, Department of Community Affairs and Economic Development has caused this Bond to be executed in its name and on its behalf by its Secretary and the corporate seal of said Department

to be affixed hereto and coupons for interest, bearing
the facsimile of the Secretary of the Department,
to be hereunto attached, all as of the 15th day
of November, 1970.

DEPARTMENT OF COMMUNITY AFFAIRS
AND ECONOMIC DEVELOPMENT

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described
in the within mentioned Indenture.

FARMERS BANK OF THE STATE OF
DELAWARE, TRUSTEE

By: _____
Authorized Officer

PROVISIONS FOR REGISTRATION

This Bond may be registered in the name
of the holder on books of the Department kept by
the Trustee under the within mentioned Indenture,
as Registrar, as to principal only, such registration
being noted hereon by such Registrar in the regis-
tration blank below, after which no transfer shall
be valid unless made on said books by the registered

ORIGINAL
(Red)

holder or his attorney duly authorized and similarly noted in the registration blank below, but it may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be again registered as before. The registration of this Bond as to principal shall not restrain the transferability of the coupons appurtenant hereto by delivery merely, but the coupons may be surrendered and the interest made payable only to the registered holder, in which event the Registrar shall note in the registration blank below that this Bond is registered as to interest as well as principal, and thereafter the interest will be remitted by mail to the registered holder. With the consent of the holder and of the Department, this Bond, when converted into a Bond registered as to both principal and interest, may be reconverted into a coupon Bond and again converted into a Bond registered as to both principal and interest as hereinabove provided. Upon reconversion of this Bond, when registered as to principal and interest into a coupon Bond, coupons representing the interest to accrue upon the Bond to date of maturity shall be attached hereto by the Registrar and the Registrar shall note in the registration blank below whether the Bond is registered as to principal only or payable to bearer.

Original
(Red)

Date of Registration	In Whose Name Registered	Extent of Registration	Signature of Registrar

(FORM OF COUPON)

Coupon No. _____

Unless prior thereto the Bond of which this coupon appertains shall have been previously duly called for prior redemption, on the first day of _____, 19____, Department of Community Affairs and Economic Development, an agency created and existing under and by virtue of the laws of the State of Delaware, will pay to the bearer hereof, solely from the special fund described in the Bond hereinafter mentioned, upon surrender of this coupon _____ Dollars

(\$ _____) at the principal office in the City of Wilmington, State of Delaware, Trustee under the Indenture of said Department described in the Bond, or of its successor under said Indenture as such Trustee, in any coin or currency of the United States of America which on the date of such payment is legal tender for the payment of public

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and private debts, being interest then due on its
Industrial Development Bond, dated November 15, 1970,
No. _____.

DEPARTMENT OF COMMUNITY AFFAIRS
AND ECONOMIC DEVELOPMENT

By: _____
Secretary

(Form of Registered Bond)

DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT
INDUSTRIAL DEVELOPMENT BOND

\$ _____ No. _____

Department of Community Affairs and Economic
Development (hereinafter called the "Department"),
an agency created and existing under and by virtue of
the laws of the State of Delaware, for value received
hereby promises to pay to _____, or
registered assigns, on November 15, 1990, but solely
from the special fund hereinafter described, upon
the presentation and surrender hereof at the principal
office of the Trustee (hereinafter mentioned), the
principal sum of _____ Thousand
Dollars (\$ _____) and to pay to the registered
owner hereof, by check or draft mailed to such re-
gistration books kept for that purpose at the principal
office of the Trustee, as Registrar, interest on

said principal sum from the date hereof at the rate of 8% per annum, payable on May 15, 1971 and semi-annually thereafter on November 15 and May 15 in each year until the Department's obligation with respect to the payment of such principal sum shall be discharged. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of an issue aggregating Seven Hundred Fifty Thousand Dollars (\$750,000) (hereinafter referred to as "Bonds") of like date and tenor, except as to number, rate of interest, denomination and maturity, issued or to be issued under the provisions of Title 6, Del. C., Chapter 70, as amended, herein called the "Act" and under and pursuant to an Indenture executed as of November 15, 1970, by and between the Department and in the City of Wilmington, County of New Castle, and State of Delaware, as Trustee, and authorizations duly adopted by the Department for the purpose of paying the cost of acquiring and constructing industrial buildings which are all-purpose buildings suitable for rental to general manufacturing industry or machinery readily marketable (hereinafter called "Project") as provided

in the Delaware Industrial Building Commission Act. This Bond and the other Bonds of this issue have been or will be issued under and will all be equally and ratably secured by said Indenture of Trust, and pursuant to the said Indenture of Trust there has been created a special fund, known as the Industrial Development Revenue Bond and Interest Fund, which is required by the said Indenture to be held in trust by the Trustee and to be applied solely to the payment of the principal of the Bonds as they severally mature and the interest thereon as the same becomes due and the redemption price of any Bond redeemed in accordance with the provisions of said Indenture.

Reference is hereby made to the Indenture and the Lease annexed thereto for a description of the property therein leased, and the rents, revenues and income thereby pledged, the nature and extent of the security, and a statement of the rights of the holder hereof with respect thereto. Each holder, by the acceptance of this Bond, consents to all of the provisions of the Indenture.

The Department has covenanted and agreed in the Indenture and does hereby covenant and agree to keep the Project leased at rentals sufficient to pay the principal of and interest on the Bonds as the same shall mature and come due; to cause the Project to be kept and maintained in good repair

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(Red)

and operating condition by the lessee thereof or otherwise; to cause adequate and proper insurance to be taken out and maintained on the Project; to use every reasonable effort to collect all rents, revenues and income due and to become due on account of the leasing of the Project and to apply all of such rents, revenues and income to the payment of the principal of and interest on the Bonds as they mature and come due, except as hereinbefore provided, and, to the extent not needed for such purposes, to apply the same to the redemption of the Bonds.

This Bond, together with the interest hereon, is payable solely from the rents, revenues and income derived from the leasing of the Project. The Bonds, together with interest thereon and hereon, are not a debt of the Department or the State of Delaware and shall never constitute an indebtedness of the Department or the State of Delaware, and shall never give rise to a pecuniary liability of the Department or the State of Delaware or a charge against the general credit of the Department or the State of Delaware, nor shall this Bond, or the Bonds of this issue of Bonds, be payable out of any funds other than the rentals, revenues and income obtained from the leasing of the Project.

The Bonds of the issue of which this Bond is one are issuable as coupon Bonds, registrable

as to principal alone, or as to principal and interest, in the denomination of Five Thousand Dollars (\$5,000), and as registered Bonds without coupons in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof. Registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same maturity and bearing the same rate of interest, of any authorized denominations, and coupon Bonds, with all coupons, due or to become due, attached may in like matter be exchanged for a like aggregate principal amount of registered Bonds without coupons of the same maturity and bearing the same rate of interest, of any authorized denominations, all in the manner and upon payment of the charges, if any, provided in the Indenture.

Neither this Bond nor any coupons for interest thereon shall be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the certificate of authentication hereon has been duly executed by the Trustee.

IN WITNESS WHEREOF, Department of Community Affairs and Economic Development has caused this Bond to be executed in its name and on its behalf by its Secretary and the corporate seal of said Department to be

affixed hereto, all as of the 15th day of November,
1970.

DEPARTMENT OF COMMUNITY AFFAIRS
AND ECONOMIC DEVELOPMENT

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described
in the within mentioned Indenture.

FARMERS BANK OF THE STATE OF
DELAWARE

By: _____
Authorized Officer

Section 306. EXECUTION OF BONDS. Each
Bond shall be executed in the name of the Department
by its Secretary and the corporate seal of said
Department shall be affixed thereto. In case
any officer who shall have signed, sealed or
attested any of such Bonds shall cease to be

such officer of the Department the bonds may be executed by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office. The coupons appurtenant and to be attached to any coupon Bond shall bear and be authenticated by the facsimile signature of the Secretary of the Department, and the Department may from time to time adopt and use for that purpose the facsimile signature of any person who shall have been Secretary of the Department at any time on or after the date of such coupon Bond, notwithstanding that at the date of such coupon Bond such person may not have held such office or that at the time when such Bond shall be authenticated and delivered or such coupons shall be attached such person may have ceased to hold such office.

Section 307. AUTHENTICATION OF BONDS.

Each Bond shall bear thereon a certificate of authentication, substantially in the form set forth in Section 305, duly executed by the Trustee. Only such bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under the Indenture. No Bond and no coupon appurtenant thereto shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall

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(Red)

have been duly executed by the Trustee, and such certificate of authentication by the Trustee upon such Bond executed on behalf of Department shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under the Indenture and that the holder thereof and of any coupons appurtenant thereto is entitled to the benefit of the Indenture.

Section 308. . REISSUANCE OF MUTILATED, DESTROYED, STOLEN OR LOST BONDS. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond (with appropriate coupons attached) of like tenor, number and amount as the Bond and appurtenant coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond and appurtenant coupons, if any, or in lieu of and substitution for the Bond and appurtenant coupons, if any, destroyed, stolen or lost upon filing with the Trustee evidence satisfactory to the Department and the Trustee that such Bond and appurtenant coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Department and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Department and the Trustee may prescribe and paying such expenses

as the Department and Trustee may incur in connection therewith.

Section 309. REGULATIONS WITH RESPECT
TO REISSUANCE OF BONDS.

(a) In all cases in which new Bonds are to be delivered under the provisions of 308, the Trustee shall deliver a certificate specifying the Bonds destroyed, stolen or lost to the Department, and the Department shall execute coupons or Bonds and the Trustee shall authenticate Bonds, as required by the transaction.

(b) During the ten days next preceding the date of the first publication of notice of any proposed redemption of Bonds, neither the Department nor the Trustee shall be required to make any registration, transfer or conversion under the provisions of this Indenture.

Section 310. REDEMPTION OF BONDS. On or after November 15, 1975, the Bonds, including portions of registered Bonds, are redeemable prior to maturity, in part, in numerical order, at the price of par and accrued interest to the date fixed for redemption.

On or prior to the date fixed for redemption of any of the Bonds, or portions of registered Bonds, called for redemption as above provided, the Trustee shall set aside in trust or apply to such purpose moneys then held or received by the Trustee for such purpose.

In case part of an outstanding registered Bond without coupons shall be called for redemption, the registered owner thereof may present and surrender such registered Bond without coupons to the Trustee for payment of the principal amount thereof so called for prior redemption, and there shall be executed and the Trustee shall authenticate and deliver to or upon the order of such registered owner, without charge therefor, for the unredeemed balance of the principal amount of the registered Bond without coupons so surrendered, either coupon Bonds or a registered Bond or Bonds without coupons, at the option of such registered owner.

If the amount necessary to redeem any Bonds or portions of registered Bonds called for redemption as hereinbefore provided shall have been set aside in trust by the Trustee as hereinbefore provided on or before the date fixed for such redemption and provisions satisfactory to the Trustee shall have been made for the giving of notice, from and after the date fixed for redemption, the Department shall be released from all liability on such Bonds and portions of registered Bonds and such Bonds and portions of registered Bonds shall no longer be deemed to be outstanding hereunder and thereafter such Bonds and portions of registered Bonds shall not be secured by the lien of this Indenture and the holders thereof

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(Red)

shall look to the Trustee for payment thereof and
not otherwise and interest on such Bonds and portions
of registered Bonds shall cease at the date fixed
for redemption.

ARTICLE IV

INDUSTRIAL DEVELOPMENT REVENUE BOND
AND INTEREST FUND

Section 401. CREATION OF INDUSTRIAL DEVELOPMENT REVENUE BOND AND INTEREST FUND. There is hereby established and created the Industrial Development Revenue Bond and Interest Fund (hereinafter called "Fund"), which shall be held in trust by the Trustee, and pledged solely to the payment of the principal of and interest on the Bonds, and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the Revenues, as received by the Department or Trustee shall immediately be subject to the lien of this pledge without any physical delivery thereof or act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort or contract or otherwise against the Department, irrespective of whether such parties have notice.

Section 402. PRINCIPAL AND INTEREST ACCOUNT WITHIN THE FUND. There is hereby created a special account within the Fund, to be known as the Principal and Interest Account.

Section 403. COLLECTION AND APPLICATION OF REVENUES. The Department shall pay or cause to be paid to the Trustee, promptly upon receipt thereof, all rentals and other Revenues due under the Lease except such portion thereof as is allocated by the terms of the

Lease to the payment of administrative expenses of the Department, and except the bank payments and additional rental payments in the various accounts in the Fund, and the Trustee shall deposit such rentals and other Revenues in the Principal and Interest Account in the Fund.

Section 404. APPLICATION OF PRINCIPAL AND INTEREST ACCOUNT. The Trustee shall withdraw from the Principal and Interest Account, prior to each semi-annual interest payment date beginning with the semi-annual payment date next ensuing after the date of the issuance of the Bonds, an amount equal to the aggregate amount of the interest payable on said date with respect to the Bonds and shall apply the same to the payment of such interest. The Trustee shall also withdraw from said Account prior to each date on which any of the Bonds mature, an amount equal to the aggregate amount of Bonds payable on said date, and shall apply the same to the payment of the principal of such Bonds. Moneys deposited in the Principal and Interest Account shall be held in trust for such purposes, and no amount shall be withdrawn from or paid out of said Account except as in Sections 404 and 405 provided.

Section 405. INVESTMENT OF MONEYS IN THE FUND. Pending application of amounts in the Fund, such amounts shall be invested by the Trustee, as provided in Article XIV of the Lease.

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ARTICLE V

CONSTRUCTION FUND

Section 501. CONSTRUCTION FUND. There is hereby established and created a special fund, to be known as the "Construction Fund", which shall be held by the Trustee. Whenever Section 205 shall require the deposit of any part of the proceeds of the Bonds in a Construction Fund, the Trustee shall deposit such moneys therein, and the moneys deposited therein shall be applied only to the cost of acquiring and constructing the Project designated in the Resolution of the Department adopted pursuant to Section 202 to provide for the issuance of the Bonds, except to the extent provided in Section 405.

Section 502. PLEDGE OF CONSTRUCTION FUND MONEYS. The moneys held in the Construction Fund shall be subject to a lien and charge in favor of the holders of the Bonds issued to raise the moneys deposited in such Construction Fund and shall be held for the security of the holders until paid out from such Fund for the cost of the Project for which the Bonds were issued. Pending application of amounts in the Construction Fund, such amounts shall be invested by the Trustee, as provided in Article XIV of the Lease.

Section 503. APPLICATION OF CONSTRUCTION FUND MONEYS. The Trustee may, from time to time

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during the acquisition or construction of the Project, withdraw moneys from the Construction Fund, but only upon receipt by the Trustee from the Department of a requisition duly executed by the Treasurer of the Council on Industrial Financing created by 29 Del.C. Chapter 86, or his designee, or a person designated by the Secretary of the Department and upon delivery to the Trustee of the following:

1. An affidavit by the Secretary of the Department or his designee that neither the Department nor any of its officers, directors, members or employees, has received or will receive any discount, rebate, commission, fee, proceeds from insurance, or other abatements in connection with any such expenditure or indebtedness except as expressly set forth therein and that neither the Leasing Corporation or any of its officers, directors, stockholders or employees has received or will receive, to his knowledge, any such discount, rebate, commission, fee, proceeds from insurance, or other abatements in connection with such expenditure or indebtedness, except as set forth expressly therein;
2. An affidavit by the attorney for the Leasing Corporation that no default exists in any of the provisions of the Bonds or of the Indenture or Lease, and that there are no mechanics' or materialmen's liens, chattel mortgages, conditional sales or title retention agreements or notices of any requirement of governmental or other authority accrued, pending or filed in connection with the construction or acquisition of the Project or in any matter concerning the Project (except inchoate liens for labor or material supplied, payment for which will be made from such withdrawals or which are not yet due or payable) other than such as may be specified in such affidavit;

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3. A certificate by the Project Supervisor who is retained by the Leasing Corporation to supervise the construction and acquisition of the Project, and who may be an employee of Leasing Corporation approving such withdrawal and stating:

(a) That such expenditures or indebtedness have not formed the basis of any previous withdrawal;

(b) The purpose, in reasonable detail, for which such expenditures will be made and that such purposes are included within the purposes for which money may be withdrawn from the Construction Fund under the provisions of this Indenture.

4. In case of withdrawals for the payment of the actual costs of construction and acquiring the Project, an affidavit by the President or Vice President of the Leasing Corporation:

(a) That such expenditure or indebtedness have not formed the basis of any previous withdrawal;

(b) The purpose, in reasonable detail, for which such expenditures will be made and that such purpose or purposes are included within the purposes for which money may be withdrawn from the Construction Fund under the provisions of this Indenture;

(c) That neither the Department nor any of the officers, directors, members or employees, has to the knowledge of the deponent received or is to receive any discount, rebate, commission, fee, proceeds of insurance, or other abatements in connection with any such expenditure or indebtedness except as expressly set forth;

(d) That neither the Leasing Corporation or any of its officers, directors, stockholders or employees has received or will receive any discount, rebate, commission, fee, proceeds from insurance, or other abatements in connection with any such expenditure or indebtedness except as expressly set forth therein;

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agreements, which constitute a valid lien against any part of such property, and that the time within which to file such liens has expired, the balance in the Construction Fund shall, with the approval of the Project Supervisor be transferred by the Trustee to the Principal and Interest Account for use and application in the same manner as other moneys on deposit therein.

Section 505. COSTS OF CONSTRUCTION. The cost of the Project shall include all amounts paid for the acquisition of or construction of any physical properties, real or personal, constituting such project and also payments for studies, surveys and estimates, engineering borings, preliminary investigations, estimates of costs and other estimates necessary or incidental to determining the feasibility or practicability of such Project, payments for the preparation of plans and specifications and for supervision of construction as well as for the performance of any other duties of engineers in relation to the acquisition or construction of the Project, legal expenses and fees and the expenses of administration properly chargeable to such Project, including fees of the Department of Community Affairs and Economic Development and fees and expenses of the Trustee, including counsel fees, and shall also include the payment or refunding of bonds or temporary obligations, including interest due thereon, heretofore issued by the Department for the purpose of paying all or any part of the cost of the Project.

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(e) That no default exists in any of the provisions of the Lease;

(f) That there are no mechanics' or materialmen's liens, chattel mortgages, conditional sales or title retention agreements or notices of any requirement of governmental or other authority accrued, pending or filed in connection with the construction or acquisition of the Project or in any matter concerning the Project (except inchoate liens for labor and material supplied, payment for which will be made from such withdrawals or which are not yet due or payable).

(g) In the case of machinery and equipment to be located off of the leased lands, a Certificate by the attorney for the Leasing Corporation that bills of sale are of record which adequately secure the interest of Bondholders in and to the machinery and equipment purchased with the Construction Fund disbursement.

Such affidavits shall not, however, be required for a withdrawal for investment, as more particularly described in Sections 405 and 502 hereof.

Section 504. TRANSFER OF CONSTRUCTION FUND MONIES. When the purposes for which the Construction Fund is established shall have been completed and such fact shall be evidenced to the Trustee by copies of resolutions to such effect, adopted by the Department and Leasing Corporation, all of which have been certified by the respective secretaries thereof, a certificate of the Project Supervisor accompanied by an opinion of counsel selected by the Leasing Corporation, satisfactory to the Trustee, stating that, in the opinion of the signer, there are no uncanceled mechanics' or materialmen's liens, mortgages, chattel mortgages, conditional sales or title retention

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ARTICLE VI

PARTICULAR COVENANTS OF THE DEPARTMENT

Section 601. EFFECT OF COVENANTS. The Department hereby particularly covenants and agrees with the Trustee and with the holders of the Bonds and coupons, and makes provisions which shall be a part of the contract with such holders, to the effect and with the purpose set forth in the following Sections of this Article VI.

Section 602. PAYMENTS OF BONDS. The Department shall duly and punctually pay or cause to be paid the principal or redemption price, if any, of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof.

Section 603. EXTENSION OF PAYMENT OF BONDS AND COUPONS. The Department shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled in case of any default hereunder to the benefit of the Indenture or to any payment out of any assets of the Department or the funds

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held by the Trustee, except subject to the prior payment of the principal of all Bonds issued and outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest.

Section 604. ACQUISITION AND CONSTRUCTION.

The Department will acquire the land on which the Project is or is to be located and which is covered by this Indenture (and the lease hereunto annexed) and will cause the construction (to the extent that any portion of the Project does not presently exist thereon) and acquisition of the Project to be begun thereon immediately and will continue such acquisition and construction to final completion of the Project as soon as possible, and all moneys derived from the sale of the Bonds shall be used solely for the purpose for which the same are authorized under this Indenture and not otherwise.

Section 605. COOPERATION WITH LESSEE.
MODIFICATION OF LEASE. The Department will cooperate with the lessee, in order that the Project may be placed in operation at the earliest possible time and thereafter operated by the lessee in the most efficient and expeditious manner possible and will insist upon and enforce compliance by the Lessee with the terms and provisions of the Lease. The

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Department will not agree to any rescission, cancellation, modification, alteration or amendment of the Lease without the express written prior approval of the Trustee, which shall not grant consent unless and until it has secured the prior written consent thereto by the holders of not less than seventy-five percent (75%) of the aggregate principal amount of the Bonds as that time outstanding.

Section 606. CONTINUED LEASE OF PROJECT.

The Department will keep the Project leased at all times for a rent sufficient to pay the principal of and interest on the Bonds as the same mature and come due and to provide in such lease or leases that the Lessee shall be required to take out, maintain and pay for adequate and proper insurance of the Project with an insurer qualified to do business in Delaware, and requiring the lessee to keep and maintain the Project in good repair and operating condition.

Section 607. INSURANCE COVERING THE PROJECT.

So long as any Bonds are outstanding the Department will at all times cause the Project to be insured and kept insured, even during the acquisition and construction thereof, with responsible insurers,

against loss or damage or both to the Project from fire, windstorm, explosion and other perils ordinarily insured against by similar manufacturing plants to the extent of (a) the full insurable value of the Project or (b) the amount required to pay the principal of and interest on the Bonds as they mature and come due or (c) the redemption price of said Bonds, whichever is less. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence whether by reason of co-insurance provisions or otherwise, without the prior written consent of the Trustee.

All such policies of insurance shall be for the benefit of the Department, the Trustee and the Lessee of the Project, as their several interests shall appear, and the proceeds thereof shall be made payable to the Trustee and the Trustee shall have the sole right to receive the proceeds from such policies and to collect and receipt (including the execution of such releases as may be made a condition of such payment) for the claims thereunder. The proceeds from all policies of insurance shall be held in trust by the Trustee as security for the Bonds until paid as hereinafter provided.

In the event that the Project is destroyed or damaged by whatever cause, the Department shall

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have the option (a) to cause the insurance proceeds to be used to repair or rebuild the Project in the same condition and value as immediately preceding the event causing such loss, or (b) to cause to be paid to the Trustee for the account of the Principal and Interest Account in the Industrial Development Revenue Bond and Interest Fund a sum which, when added to all insurance proceeds which the Trustee shall have collected on account on such destruction or damage, shall be sufficient to pay the principal of and interest on the Bonds as they mature and come due or to redeem the same. If a lease of the Project grants to any lessee a similar option as hereinbefore set forth, then, in such event, such lessee shall have and may, by notifying the Trustee, exercise such option.

In the event that the Department or a lessee shall elect to repair or rebuild the Project, the Trustee shall cause all insurance proceeds collected by it on account of such destruction or damage to be deposited in the Industrial Development Construction Fund, and the Department or the lessee shall cause an estimate to be made by the Project Supervisor of the cost of repairing or rebuilding the Project to the same condition and value as immediately preceding the event causing such loss. In the event that the lessee has exercised the option to reconstruct

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or repair, such lessee shall cause to be paid to the Trustee for the account of said Construction Fund the amount by which such estimate exceeds the insurance proceeds collected by the Trustee and shall cause the Project to be repaired or rebuilt at the earliest possible time.

In the event that the insurance proceeds are more than enough to pay all costs of repairing or rebuilding the Project to the same condition and value as immediately preceding the event causing the loss, such excess shall be paid into the Principal and Interest Account for use and application in the same manner as other moneys deposited therein. The proceeds of insurance and other moneys available for such repair or replacement shall be paid out by the Trustee upon the terms and conditions hereinbefore provided for payment from the Construction Fund, but no payment shall be made by the Trustee unless and until he shall be satisfied that the proceeds of insurance and other available moneys will be sufficient for such repairs and replacements. Any lease of the Project made by the Department shall require the lessee to pay the amount of such deficiency into the Construction Fund necessary to repair and rebuild the Project if the election to do so is made.

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In the event that the Department shall elect not to cause the Project to be repaired or rebuilt it shall forthwith cause to be paid to the Trustee a sum of money which, when added to the insurance proceeds, will be sufficient to pay the principal of and interest on the Bonds as they mature and come due or to redeem the same and the Trustee shall deposit said sum and all such insurance proceeds in the Principal and Interest Account in the Industrial Development Revenue Bond and Interest Fund to be used solely for the purpose of paying the principal of and interest on the Bonds or redeeming the same. Any excess insurance proceeds over the amount necessary to pay the principal of and interest on all the Bonds or to redeem them shall be paid to the Department or any lessee as their several interests may appear. Any lease of the Project made by the Department shall contain a provision requiring the lessee to pay the amount so required for the payment or redemption of the Bonds in the event that the Project is not repaired or rebuilt.

Unless the lease for the Project requires the payment of rental during the time the Project is destroyed or damaged by any peril, the Department will cause loss of use and occupancy insurance to be taken out and maintained with responsible insurers in an amount sufficient to provide for the lost

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rent. The Department may discharge its obligation hereunder by requiring the lessee of the Project to take out and maintain such policies of insurance as are required by this provision of the Indenture and deposit the same with the Trustee.

Section 608. COLLECTION OF REVENUES.

The Department will promptly collect or cause to be collected all revenues due or payable on account of the leasing or use of the Project as the same become due and it will cause all such revenues as collected to be paid over and delivered to the Trustee for the account of the Industrial Development Revenue Bond and Interest Fund and not otherwise. This provision shall not apply to bank payments or additional rental payments or any charges or payments required to be made to the Department by the lessee for its services or its annual service fees, as more specifically set forth in the rules, regulations or by-laws of the Department.

Section 609. FREE USE AND MAINTENANCE OF PROJECT. The Department shall allow no free use of the Project or any part thereof regardless of who the user may be and shall cause the Project to be kept and maintained at all times in good repair and operating condition and shall cause all required and proper repairs, renewals and replacements thereto as may be necessary from time to time and shall

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provide in any lease that the lessee shall so keep and maintain the Project.

Section 610. ACCOUNTS AND RECORDS. The Department shall keep proper books of records and accounts (Separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project or any part thereof and which shall, at all reasonable times, be subject to the inspection of the Trustee or the holder or holders of not less than two percent (2%) in principal amount of the Bonds then outstanding or their representatives, duly authorized in writing. The Department shall each year annually on the anniversary of the date the Bonds are issued, prepare a balance sheet and an income and expense statement for the twelve-month period ending on such anniversary, within thirty (30) days after the closing of each such period, showing, in reasonable detail, the financial condition of the Project at the close of each such period and the financial operations thereof during each such period. The Department shall cause certified copies of such financial statements to be furnished to the Trustee as soon as practicable after their preparation.

Section 611. FURTHER ENCUMBRANCES. The Department shall not mortgage, pledge, sell, dispose or otherwise encumber the Project or any part thereof or the rents or revenues pledged to the Industrial

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Development Revenue Bond and Interest Fund, except with the written consent of the holders of one hundred percent (100%) of the principal amount of the outstanding Bonds.

Section 612. DEPARTMENT SOLE OWNER OF PROPERTY. The Department covenants that it has, or, promptly after the delivery of the Bonds to the purchaser thereof, will acquire title in fee simple to, and the beneficial interest in, and is or will be lawfully possessed of the property constituting the Project. The Department will warrant and defend the title thereto and every part thereof to the Trustee, its successors and assigns, for the benefit of the holders of the Bonds and coupons as they may exist from time to time, from and against all claims and demands of any person or persons. All of the property of the Project now owned or hereafter acquired by the Department is free and clear of any and all liens and encumbrances of every kind, nature and description.

Section 613. DEPARTMENT'S RIGHT TO PLEDGE REVENUES. The Department has legal title to and a beneficial interest in the Revenues received under the Lease and has the rightful power and lawful authority to pledge the same. The said Revenues and Lease are now and will be maintained free and clear of and from any and all liens and encumbrances

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of every kind, nature and description except as otherwise provided herein.

Section 614. FURTHER ASSURANCES OF THE DEPARTMENT. The Department at any and all times shall insofar as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further instruments, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular property and rights here assigned, transferred and pledged, or which the Department may hereafter become bound to pledge or assign.

Section 615. DEPARTMENT NOT TO BE HELD LIABLE FOR THE PAYMENT OF THE BONDS. No covenant or agreement contained in this Indenture or the Bonds or any obligation, herein or therein imposed upon the Department or the State of Delaware, or the breach thereof, shall constitute or give rise to or impose upon the Department or the State of Delaware a pecuniary liability or a charge on its general credit. All obligations respecting the payment of funds are limited to the proper application of the proceeds of the sale of the Bonds, rent, revenues and income of the Project.

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Section 616. LEASE AMENDMENTS NOT REQUIRING
CONSENT OF BONDHOLDERS. The Department and the Lessee
may without the consent of, or notice to, any of the
Bondholders, enter into such lease amendments as shall not
be inconsistent with the terms and provisions hereof for any
one or more of the following purposes:

(a) To cure any ambiguity or formal
defect or omission in the Lease;

(b) To grant to or confer upon the
Trustee for the benefit of the Bondholders
any additional rights, remedies, powers or
authority that may lawfully be granted to or
conferred upon the Bondholders or the Trustee
or either of them; and

(c) To subject to the lien and pledge of
this Indenture additional revenues, properties
or collateral or any machinery or equipment
installed by the Lessee in the Leased Facilities
in substitution and replacement of any items of
machinery and equipment which shall have become
inadequate, obsolete, worn out, unsuitable,
undesirable or unnecessary and shall have been
removed from the Leased Facilities.

ARTICLE VII

REMEDIES OF BONDHOLDERS

Section 701. RIGHT TO ENFORCE PAYMENT OF BONDS NOT IMPAIRED. Nothing in this Article contained shall affect or impair the right of any holder or holders of the Bonds to enforce the payment of the principal of and interest on his or their Bonds or the obligation of the Department to pay the principal of and interest on each Bond issued hereunder to the holder thereof at the time and place in said Bond and the appurtenant coupons, if any, expressed.

Section 702. EVENTS OF DEFAULT. Each of the following events is hereby declared an "event of default", that is to say; if

- (a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) payment of any installment of interest shall not be made when the same shall become due and payable; or
- (c) the Department shall fail to perform any obligation on its part with respect to any of the several funds provided for in this Indenture and such default shall have continued for a period of thirty (30) days; or
- (d) the Department shall fail to perform any of its obligations or to duly observe any covenant, condition or agreement on its part to be performed contained in the Bonds or this Indenture and such default shall have continued

for a period of thirty (30) days after a written notice, specifying such failure or default and requiring the same to be remedied, shall have been given to the Department by the Trustee, or by any of the holders of said Bonds; or

- (e) if any required repairs or replacements of any lost, destroyed or damaged property constituting an integral or otherwise necessary part or portion of the Project shall not have been begun within sixty (60) days after such occurrence of loss, damage or destruction, unless necessarily prevented or delayed by governmental regulation, war, or other disaster beyond the control of the party responsible for such repairs or replacements, but only for the length of time so necessarily prevented or delayed; or
- (f) if the Department shall sell or in any manner dispose of the Project or any part thereof in violation of any provision of this Indenture; or
- (g) if the Department shall be dissolved, liquidated, file a petition for bankruptcy or for an arrangement enter into a composition with its creditors, or if any receiver or receivers shall be appointed for all or any substantial part of the Project; or
- (h) if any rental payment due in advance in any monthly period for the immediately succeeding month shall not be made when due on the first day of such monthly period, or if any Bank Payment is not made when due.

Section 703. ENFORCEMENT OF REMEDIES.

Upon the happening and continuance of any event of default specified in Section 702 hereof, then in every such case the Trustee:

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(a) may, and upon the expiration of five (5) days after such event of default it shall be the mandatory duty of the Trustee to, petition the Court of Chancery in and for the county where the Department is located or such other court having jurisdiction thereof, for the appointment of a receiver, who may enter and take possession of the Project, the revenues or receipts from which are, or may be, pledged to rental payments under said Lease, or to the payment of the Bonds whether or not in default, and operate and maintain the same, declare all unpaid principal immediately due and payable, receive and collect all rentals and other revenues thereafter arising therefrom which have been pledged to the payment of the principal of and interest on the Bonds, in the same manner as the Department might do, and shall upon such receipt or collection forthwith deposit all such moneys in a separate account and subject to the direction of the court apply the same in the following manner:

1. to the payment of the fees, counsel fees and expenses of the Trustee and of the receiver incurred in connection with such proceedings;
2. to the payment of costs and disbursements allowed by the court;
3. to the payment of the reasonable expenses of maintenance, operation, repairs and insurance of the Project;
4. to the payment of the interest on and principal of the Bonds.

If, for any reason, the Trustee refuses or fails to petition the Court of Chancery for the appointment of a receiver as aforesaid or the Court of Chancery denies said petition, any Bondholder shall have the right, in his own name or in the name of himself and other Bondholders who may join

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with him, to petition said Court of Chancery for the appointment of a receiver in the same manner and subject to the same conditions as is provided above for appointment of a receiver upon petition of the Trustee.

- (b) in addition to the remedies hereinbefore set forth, and not in limitation thereof may, and upon the written consent of the holders of twenty-five percent (25%) or more in the principal amount of the Bonds then outstanding and upon being indemnified to its satisfaction shall, proceed to protect and enforce its rights and the rights of the bondholders by mandamus or other suit, action or proceeding at law or in equity, for the specific performance of any covenant or agreement herein contained, including the right to require the Department to collect rentals or other charges adequate to carry out the terms of the Indenture or any other agreements with, or for the benefit of the holders of the Bonds (including, but not limited to, the Lease annexed hereto) and to perform its duties under this Indenture or for the enforcement of any other proper, legal or equitable remedies as the Trustee, on the advice of counsel acceptable to it, shall deem most effectual to protect and enforce its rights and the rights of the holders of the Bonds, including, but not limited to an action, suit or proceeding in equity requiring the Department to account to the Trustee as if said Department was the Trustee of an express trust for the bondholders and by an action, suit or proceeding in equity to enjoin, restrain or prohibit any acts or things whether completed, in the process of being completed, or threatened, which may be unlawful or in violation of the rights of the bondholders, or to bring suit upon the bonds.

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Section 704. CONVEYANCE BY DEPARTMENT
TO TRUSTEE. In addition to all of the rights set
out in Section 703, Trustee may demand, and Department
shall convey all of its right, title and interest
in and to the Project to Trustee upon the happening
of any event of default specified herein.

Section 705. EFFECT OF DISCONTINUANCE
OF ACTION. In case any proceedings taken by the
Trustee on account of any event of default as here-
inbefore set forth in Section 702 hereof, shall
have been discontinued or abandoned for any reason
or shall have been determined adversely to the Trustee,
then and in every such case the Department, the
Trustee and the holders of the Bonds shall be restored
to their former positions and rights hereunder,
respectively, and all rights, remedies, powers and
duties of the Trustee shall continue as though no
such proceeding has been taken.

Section 706. CONTROL OF PROCEEDINGS.
Anything in this Indenture to the contrary notwith-
standing, the holders of a majority of the principal
amount of the Bonds then outstanding hereunder shall
have the right, subject to the provisions of Section
802 hereof, by an instrument in writing executed
and delivered to the Trustee, to direct the method
and place of conducting all remedial proceedings.

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to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to the holders of the Bonds not parties to such direction.

Section 707. RESTRICTION ON BONDHOLDERS

ACTION. Except as provided in Section 703, no holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than twenty-five percent (25%) of the principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity (not less than thirty (30) days after receipt of the said written notice of the holders of twenty-five percent (25%) of the Bonds then outstanding) either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in

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its name or their name, and unless, also, there shall have been offered to the Trustee at the time said notice of the holders of twenty-five percent (25%) of the Bonds then outstanding is received, reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereof, and the Trustee shall have refused or neglected to comply with such request within a reasonable time (not less than thirty (30) days); and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner, herein provided and for the benefit of all holders of such outstanding Bonds and coupons.

Section 708. POSSESSION OF BONDS AND COUPONS. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the coupons

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appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds and coupons, subject to the provisions of this Indenture.

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ARTICLE VIII

CONCERNING THE TRUSTEE

Section 801. ACCEPTANCE OF TRUST. The Trustee hereby accepts and agrees to execute the trusts imposed upon it by the Indenture, but only upon the terms and conditions set forth in this Article VIII of the Indenture and subject to the provisions of the Indenture.

Section 802. RESPONSIBILITIES OF THE TRUSTEE. The recitals of fact and representations in the Indenture and in the Bonds contained shall be taken as the statements of the Department and the Trustee assumes no responsibility for the correctness of same. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of the Bonds or in respect of the security afforded by the Indenture, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, or the application of the proceeds thereof except to the extent that such proceeds are paid to the Trustee in its capacity as Trustee, or the application of any moneys paid to the Department or others in accordance with the Indenture. The Trustee shall be under no obligation or duty to perform any act which would involve it in expense or

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liability or to institute or defend any suit in respect of the Indenture or of the Bonds, or to advance any of its own moneys, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties except for its own gross negligence or wilful default.

Section 803. EVIDENCE ON WHICH TRUSTEE MAY ACT. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the Department and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to the taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an officer so authorized of the Department and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or

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may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Department to the Trustee shall be sufficiently executed if executed in the name of the Department by an officer so authorized by the Department.

Section 804. COMPENSATION. The Leasing Corporation under the Lease has agreed to pay all fees and charges of the Trustee including its reasonable expenses, counsel fees and other disbursements and those of its attorneys, agents and employees incurred in and about the performance of its powers and duties hereunder. In the event that the Project is leased to another lessee under some other lease, the Trustee shall have a first lien for such charges, fees and expenses hereinbefore mentioned on any and all funds at any time held by it hereunder, including the Revenues pledged under this Indenture.

Section 805. PERMITTED ACTS. The Trustee may become the owner of or may deal in the Bonds as fully and with the same rights as if it were not the Trustee. The Trustee may act as depositary for, and permit any of its officers and directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the holders of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Indenture, whether or not

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such committee shall represent the holders of a majority in principal amount of the Bonds outstanding.

Section 806. RESIGNATION OF TRUSTEE.

The Trustee, or any successor thereof, may at any time resign and be discharged of his duties and obligations hereunder by giving not less than 60 days' written notice to the Department and publishing notice thereof, specifying the date when such resignation shall take effect, at least once in a newspaper generally circulated in the City of Wilmington, County of New Castle, and State of Delaware and in a financial newspaper published in the Borough of Manhattan, and State of New York, the first publication to be made within 20 days after the giving of such written notice. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Department or the holders of the Bonds herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

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Section 807. REMOVAL OF TRUSTEE. The Trustee, or any successor thereof, may be removed at any time by the holders of a majority in principal amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of the Bonds or by their attorneys-in-fact duly authorized and delivered to the Department. The Trustee, or any successor thereof, may be removed by the Department for cause. Copies of each such instrument and of any order of the Department providing for any such removal shall be delivered by the Department to the Trustee, and any successor thereof.

Section 808. SUCCESSOR TRUSTEE. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator thereof or of its property shall be appointed, or if any public officer shall take charge or control thereof or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the Department, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of the Bonds or by their attorneys-in-fact duly authorized and

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delivered to the Department. Pending such appointment by the holders of the Bonds, the Department shall forthwith appoint a successor to act until such appointment is made by the holders of the Bonds. Copies of each such instrument providing for any such appointment shall be delivered by the Department to the successor and to the predecessor Trustee. The Department shall publish notice of any such appointment at least once in a newspaper generally circulated in the City of Wilmington, County of New Castle and State of Delaware and in a financial publication published in the City, County and State of New York, the first publication to be made within 20 days after such appointment. Any appointment made by the Department shall, immediately and without further act, be superseded and revoked by appointment subsequently by the holders of the Bonds. If in a proper case no appointment of a successor shall be made within 45 days after the giving of written notice in accordance with Section 806 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any holder of a Bond may apply to any Court of competent jurisdiction for the appointment of such a successor, and said Court may thereupon, after such notice, if any, as such Court may deem proper and prescribe, appoint such successor.

The Successor Trustee Shall be a bank or trust company duly qualified in Delaware, New Jersey or New York, with a net capital of not less than \$1,000,000.

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Section 809. TRANSFER OF RIGHTS AND PROPERTY
TO SUCCESSOR TRUSTEE. Any successor shall execute, acknowledge and deliver to its predecessors and also to the Department, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally appointed herein as Trustee, but the Trustee then ceasing to act shall nevertheless, on request by the Department or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Department be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Department.

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Section 810. MERGER OR CONSOLIDATION.

Any company in which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company qualified to be a successor to such Trustee under the provisions of Section 808, shall be the successor to such Trustee, without any further act, deed or conveyance.

Section 811. DEPOSIT AND SECURITY OF FUNDS.

All moneys (not including securities) held by the Trustee may, subject to the provisions of this Section 811, be deposited by the Trustee, on demand or time deposit, in its banking department or with such other bank or trust company having its principal office in the State of Delaware as may be designated by the Trustee. No such moneys shall be deposited with any bank or trust company, other than the Trustee, in an amount exceeding 50% of the amount which an office of such bank or trust company shall certify to the Trustee and the Department as the combined capital and surplus of such bank or trust company. No such moneys shall be deposited or remain on deposit with any bank or trust company, other than the Trustee, in excess of the amount guaranteed by the Federal

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Deposit Insurance Corporation or other Federal agency, unless (a) such bank or trust company shall have lodged with the trust department of the Trustee, or, with the written approval of the Trustee and Department pledged to some other bank or trust company, for the benefit of the Department and the holders of Bonds, as collateral security for the moneys deposited, direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States of America or the State of Delaware, having a market value (exclusive of accrued interest) at least equal to the amount of such moneys, or (b) in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the trust department of the Trustee, for the benefit of the Department and the holders of the Bonds, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States of America and qualified to transact business in the state in which such bank or trust company is located in a sum at least equal to the amount of such moneys in deposit. The Trustee shall allow and credit interest on any moneys held by it at such rate as it customarily allows upon similar funds of similar

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size and under similar conditions or as required
by law. Interest in respect of moneys or on securities
in any fund or account shall be credited in each
case to the fund or account in which such moneys or
securities are held, except as otherwise herein
provided.

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ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. MODIFICATION OF INDENTURE WITHOUT CONSENT OF THE HOLDERS OF THE BONDS. The Department and the Trustee may, from time to time and at any time, enter into such indenture supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures shall thereafter form a part hereof).

(a) to cure any ambiguity or formal defect or omission in this Indenture or in any supplemental indenture, or (b) to grant to or confer upon the Trustee for the benefit of the holders of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Bonds or the Trustee.

Section 902. MODIFICATION OF INDENTURE WITH CONSENT OF THE HOLDERS OF THE BONDS. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than 75% in aggregate principal amount of the Bonds at the time outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Department and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Department for the purpose of modifying,

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altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by this Indenture, or (d) a preference or priority of any Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture. Nothing herein contained, however, shall be construed as making necessary the approval by the holders of the bonds of the execution of any supplemental agreement authorized by Section 901 of this Article. If at any time the Department shall request the Trustee to enter into any supplemental indenture, the Department shall cause notice thereof to be published once in a newspaper generally circulated in the City of Wilmington, County of New Castle, and State of Delaware, and in a financial publication published in the Borough of Manhattan, City and State of New York; and, on or before the date of the publication of such notice, the Trustee shall also cause a similar notice

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to be mailed, postage prepaid, to all registered owners of Bonds then outstanding at their addresses as they appear on the registration books and to all other holders of Bonds who shall have filed their names and addresses with the Trustee for such purpose. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all holders of the Bonds. The Trustee shall not, however, be subject to any liability to any holders of Bonds by reason of its failure to mail the notice required by this Section.

Whenever, at any time after the publication of such notice, the Department shall deliver to the Trustee an instrument or instruments purporting to be executed by the holders of not less than 75% in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such supplemental indenture in substantially such form, without liability or responsibility to any holder of any

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Bond, whether or not such holder shall have consented thereto.

If the holders of not less than 75% in aggregate principal amount of the Bonds outstanding at the time of the execution of such supplemental indenture have given their consent as herein provided, no holder of any Bond shall have the right to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Department from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Department, the Trustee, and all holders of outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 903. EXECUTION OF SUPPLEMENTAL INDENTURES. The Trustee is authorized to join with the Department in the execution of any such supplemental indenture and to make the further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter

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into any such supplemental indenture which affects its rights, duties or immunities under this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 904. DISCRETION OF TRUSTEE.

In each and every case provided for in this Article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed supplemental indenture, or any term or provision contained therein, is proper or desirable, having in view the purposes of such instrument, the needs of the Department and the rights and interests of the holders of the Bonds, and the Trustee shall not be under any responsibility or liability to the Department or to any holder of a bond or to anyone whomsoever, for any act or thing which it may do or decline to do in good faith, under the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Department, as conclusive evidence that any such supplemental indenture complies with the provisions of this Indenture,

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and that it is proper for the Trustee, under the provisions of this Article, to join in the execution of such supplemental indenture.

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ARTICLE X

MISCELLANEOUS

Section 1001. DEFEASANCE. (1) If the Department shall pay or cause to be paid to the holders of the Bonds and coupons, the principal and interest and redemption premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the rentals, revenues and other moneys and securities hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Department, execute and deliver to the Department all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee and the Paying Agents shall pay over or deliver to the Department all moneys or securities held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

(2) Bonds or coupons for the payment or redemption of which moneys or securities in which such moneys are invested shall then be held by the Trustee or the Paying Agents, (through deposits by the Department of funds for such payment or redemption or otherwise) whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed

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to have been paid within the meaning of this Section; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Department shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice; and provided further that, if the maturity or redemption or redemption date of any such Bond shall not then have arrived, provisions shall have been made by the Department for the payment to the holders of any such Bonds and coupons, upon surrender thereof, whether or not prior to the maturity or redemption date thereof, of the full amount to which they would be entitled by way of principal, redemption premium and interest to the date of such maturity or redemption, and provision shall have been made by the Department satisfactory to the Trustee for the publication, at least twice, at an interval of not less than 7 days between publications, in newspapers printed in the English language and customarily published in each business day and of general circulation in the Borough of Manhattan, City and State of New York, and in the City of Wilmington, County of New Castle, and State of Delaware, of a notice to the holders of such Bonds and coupons that such moneys are so available for such payment.

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(3) If, through the deposit of moneys by the Department with the Trustee or otherwise, the Trustee and the Paying Agents shall hold pursuant to the Indenture moneys sufficient to pay the principal and interest to maturity on all outstanding Bonds and coupons, or in the case of Bonds which the Department shall have taken all action necessary to redeem prior to maturity, sufficient to pay the principal and redemption premium, if any, and interest to such redemption date, then at the request of the Department all moneys held by the Paying Agents shall be paid over to the Trustee, and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of outstanding Bonds and coupons.

At such time as all the Bonds and coupons and redemption premium, if any, have been paid, or provision made for their payment pursuant to the provisions of sub-paragraphs (1) and (2) hereof, the Department shall thereupon transfer and convey all the property constituting the Project to the Leasing Corporation, subject only to the terms of the Lease.

Section 1002. PRIORITY OF PAYMENT IN THE EVENT OF A DEFAULT. Notwithstanding any other provisions of the Indenture other than those contained in Section 603 hereof, in the event that the funds

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ORIGINAL
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held by the Trustee shall be insufficient for the payment of interest and principal then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or otherwise) and other moneys received or collected by the Trustee, shall be applied as follows:

- (a) Unless the principal of all of the Bonds shall have become due and payable or have been declared due and payable pursuant to the provisions of Section 703 hereof,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to the difference, if any, in the respective rates of interest specified in the Bonds or coupons; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment ratably, to the persons entitled thereto, without any discrimination or preference.

- (b) If the principal of all the Bonds shall become due and payable or have been declared due and payable pursuant to the provisions of Section 703, hereof, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of

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interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or preference, except as to the difference, if any, in the respective rates of interest specified in the Bonds or coupons.

Section 1003. REGULATIONS REGARDING INVESTMENT OF FUNDS. Obligations purchased as an investment of moneys in any fund established under the Indenture shall be deemed at all times to be a part of such fund, except to the extent provided in Section 407 hereof, and any loss resulting on the sale thereof shall be charged to such fund. In computing the amount in any such fund for any purpose hereunder, such obligations shall be valued at the lower of cost or market. The Trustee shall sell at the best price obtainable any obligations so purchased whenever it shall be necessary so to do in order to provide money to make any withdrawal or payment from such fund, and shall not be liable or responsible for any loss resulting from any such investment made in accordance with the Indenture. For the purposes of any such investment, obligations of the United States of America or the State of Delaware shall be deemed to mature at the earliest date on which the United States of America or the State of Delaware is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

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Section 1004. EVIDENCE OF SIGNATURES

OF BONDHOLDERS AND OWNERSHIP OF BONDS. Any request, consent or other instrument which the Indenture may require or permit to be signed and executed by the holders of the Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such holders of the Bonds in person or by their attorney appointed in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing any such attorney, or (2) the holding of any person of the Bonds or coupons appertaining thereto, shall be sufficient for any purpose of the Indenture (except as otherwise herein provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any holder of a Bond or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate holder of a Bond may be established without further proof if such instrument is signed by a person purporting to be the president or a vice

president of such corporation with the corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary;

(b) The amount of Bonds transferable by delivery held by any person executing such request or other instrument as a holder of a Bond, and the numbers thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, banker or other depository wherever situated, showing that at the date therein mentioned such person exhibited to such officer or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by such officer that the depository held the Bonds therein referred to on the date of the certificate and that they will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee, and a certificate of the Trustee, which need not be acknowledged or verified, that such consent has not been given. The ownership of Bonds registered otherwise than to bearer and the amount, maturity, number and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Department or the Trustee in accordance therewith.

Section 1005. PRESERVATION AND INSPECTION

OF DOCUMENTS. All requisitions, requests, certificates, opinions and other documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Department, any holder

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of a Bond and his agents and representatives, any of whom may make copies thereof.

Original
filed

Section 1006. PARTIES INTERESTED. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Department, the Trustee and the holders of the Bonds and the coupons thereunto appertaining, if any, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Department shall be for the sole and exclusive benefit of the Department, the Trustee and the holders of the Bonds and the coupons thereunto appertaining, if any.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture on this 15th day of November 1970 and affixed their respective seals.

DEPARTMENT OF COMMUNITY AFFAIRS
AND ECONOMIC DEVELOPMENT

By: Robert L. Halkush

Secretary

FARMERS BANK OF THE STATE OF DELAWARE

By: W. M. Maguire, Jr.

Senior Vice President

Attest:

Philip H. Hughes
Secretary

This Deed, Made this

2ND day of *DECEMBER* in the year of
our LORD one thousand nine hundred and seventy

BETWEEN, STANDARD CHLORINE OF DELAWARE, INC. a corporation
of the State of Delaware, party of the first part

AND

DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DE-
VELOPMENT, an agency of the State of Delaware, party of the second
part

Witnesseth, That the said party of the first part, for and in consideration of the sum of
FIVE THOUSAND DOLLARS (\$5,000) ----- lawful money of the United States of America,

the receipt whereof is hereby acknowledged, hereby grants and conveys unto the said
party of the second part,

ALL those lands and premises
located in Red Lion Hundred more particularly bounded and des-
cribed as follows:, to wit:

BEGINNING at a point on the northeasterly side
of Governor Lea Road, said point of Beginning being a corner for
lands of the Diamond Shamrock Corporation, said point of Beginning
being distant North 86°-34'-10" West, 1386.03 feet measured along
the said northeasterly side of Governor Lea Road and the exten-
sion thereof from its point of intersection with the center line
of River Road; thence from said point of Beginning and along the
said northeasterly side of Governor Lea Road, North 86°-34'-10"
West, 75.14 feet to a point; thence along line of lands to be
retained by Standard Chlorine of Delaware, Inc., Due North 580.43
feet to a point in line of said lands of the Diamond Shamrock
Corporation; thence thereby the two following described courses
and distances: (1) Due East, 75.0 feet to an iron pipe; and
(2) Due South, 584.93 feet to a point on the said northeasterly
side of Governor Lea Road and the point and place of BEGINNING.
CONTAINING within such metes and bounds, 1.003 acres of land,
be the same more or less.

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In Witness Whereof, the said part Y of the first part has hereunto set its
hand and seal, the day and year aforesaid.

Sealed and Delivered in the Presence of

STANDARD CHLORINE OF DELAWARE

Walter B. Jones
Asst. Secretary

BY *L. C. Jones*
Vice President



State of Delaware,

NEW CASTLE

County, ss.

Be It Remembered, That on this
second day of December in the year of our LORD, one thousand
nine hundred and seventy personally came before me Louis E. Wither

part Y to this Indenture, known to me personally to be such, and
acknowledged this Indenture to be its Deed.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Walter B. Jones
Notary Public

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DEED

THIS DEED, made this 12th day of November in the year of our Lord one thousand nine hundred and seventy, between DIAMOND SHAMROCK CORPORATION, a corporation of the State of Delaware, formerly Diamond Alkali Company, party of the first part, and DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT, an agency of the State of Delaware, organized and existing under the laws of the State of Delaware, party of the second part,

WITNESSETH, That the said party of the first part, for and in consideration of the sum of Ten Dollars (\$10) lawful money of the United States of America, the receipt whereof is hereby acknowledged, hereby grants and conveys unto the said party of the second part;

All that piece or parcel of land located in Red Lion Hundred, New Castle County, Delaware, north of Governor Lea Road, more particularly bounded and described as follows:

BEGINNING at an iron pipe, a corner for lands of Standard Chlorine of Delaware, Inc., and lands of Diamond Alkali Company, said point of Beginning being distant the two following described courses and distances measured from the point of intersection of the extension of the northeasterly side of Governor Lea Road with the center line of River Road: (1) along the said northeasterly side of Governor Lea Road and the extension thereof, North $86^{\circ} - 34' - 10''$ West, 1386.03 feet to an iron pipe; (2) along the division line between said lands of Standard Chlorine of Delaware, Inc. and lands of Diamond Alkali Company, Due North 584.93 feet to said point of BEGINNING: thence from said point of Beginning and along the northerly line of said lands of Standard Chlorine of Delaware, Inc., Due West, 405.35 feet to an iron pipe; thence through lands of said Diamond Alkali Company the three following described courses and distances: (1) Due North 538.00 feet to a point; (2) Due East, 405.35 feet to a point; and (3) Due South 538.00 feet to an iron pipe and the point and place of BEGINNING. CONTAINING within such metes and bounds, 5.006 acres of land be the same more or less.

EXCEPTING AND SUBJECT, however, to the rights of the public and of the State of Delaware and any political agency or subdivision thereof in and to the use of River Road.

EXCEPTING AND RESERVING to the party of the first part, its successors and assigns, the full and exclusive right to all surface and subterranean waters (whether flowing, impounded, percolating or otherwise) on, in and under the property above described.

FURTHER, that the party of the second part, its successors and assigns, shall not discharge, or permit to drain, into Red Lion Creek any industrial or sanitary waste or other material which would be unsuitable for discharge into a reservoir used as a source of drinking water for human consumption. It shall install and maintain an affluent system for the discharge of said waste and drainage into tidal waters of the Delaware River and before passing any effluents into said river shall treat the same so that when discharged they will be in

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a condition satisfactory (for purpose of discharge into tidal waters or other public waters) to any federal, state or other governmental agencies having jurisdiction. These rights, restrictions and covenants are for the benefit of the adjoining and neighboring lands of the party of the first part and shall run with such lands and the lands herein conveyed.

BEING a portion of the same lands and premises conveyed to Diamond Alkali Company by Tidewater Oil Company on December 19, 1960, as recorded in the office for the Recording of Deeds in and for New Castle County, Delaware in Deed Record E, Volume 67, Page 332.

IN WITNESS WHEREOF, the said DIAMOND SHAMROCK CORPORATION hath caused its name by S. Puschaver, Vice President of Diamond Shamrock Chemical Company, a unit of Diamond Shamrock Corporation to be hereunto set, and the common and corporate seal of the said corporation to be hereunto affixed, duly attested by its Assistant Secretary, the day and year first above written.

Sealed and Delivered in
the presence of:

DIAMOND SHAMROCK CORPORATION

Carol L. Jones

By S. Puschaver
Vice President, Diamond
Shamrock Chemical Company

ATTEST:

Edmund J. Masch
Assistant Secretary

STATE OF OHIO }
COUNTY OF CUYAHOGA } SS.

BE IT REMEMBERED, that on this 12th day of November in the year of our Lord one thousand nine hundred and seventy, personally came before me, Jon R. Burney, Esq., a Notary Public in and for the State of Ohio. S. Puschaver, Vice President of Diamond Shamrock Chemical Company, a unit of DIAMOND SHAMROCK CORPORATION, a corporation existing under the laws of the State of Delaware, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and deed and the act and deed of said corporation, that the signature of the Vice President thereto is in his own proper handwriting and the seal affixed is the common and corporate seal of said corporation, and that his act of sealing, executing, acknowledging and delivering said Indenture was duly authorized by a resolution of the Board of Directors of said corporation.

GIVEN under my hand and seal of office, the day and year aforesaid.

Jon R. Burney
Notary Public

JON R. BURNEY, Attorney
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date.
Section 147.03 R.C.

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DEPARTMENT OF COMMUNITY AFFAIRS
AND ECONOMIC DEVELOPMENT

TO

BANK OF DELAWARE

as TRUSTEE

TRUST INDENTURE

(Security Agreement)

STANDARD CHLORINE OF DELAWARE, INC.

DATED AS OF NOVEMBER 1, 1976

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INDENTURE OF TRUST

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST made and entered into as of the first day of November 1976 by and between the Department of Community Affairs and Economic Development, a public agency of The State of Delaware (the "Department"), and Bank of Delaware, a state banking corporation existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of The State of Delaware, with its principal office, domicile and post office address located at 300 Delaware Avenue, Wilmington, Delaware 19899, as Trustee;

WITNESSETH:

WHEREAS, Chapter 70, Subtitle IV, Title 6 of the Delaware Code, as amended (the "Act") authorizes and empowers the Department, acting as a public agency of The State of Delaware (the "State"), to acquire construct, reconstruct, improve, equip, furnish and dispose of water pollution control facilities for the purpose of promoting the health and welfare of the inhabitants of the State by preventing the pollution of the State's environment and protecting the State's natural resources and vests the Department with powers to accomplish such purposes; and

WHEREAS, the Act further authorizes the Department to issue its revenue bonds for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal of and redemption price of and interest on any such bonds, to pledge such revenues and receipts to the payment of such bonds; and

WHEREAS, the Department has been duly created and established and proposes to undertake the acquisition and financing of the Facility (hereinafter defined); and

WHEREAS, the Department proposes to acquire, construct and install the Facility as an authorized project under the Act and to finance the cost thereof by the issuance of bonds of such Department pursuant to this Indenture of Trust as hereinafter defined, and such bonds will be secured by a pledge of the revenues and receipts derived by the Department from the Facility; and

WHEREAS, the Department has further entered into an Installment Sale Agreement, dated as of November 1, 1976 (the "Agreement") with the Company (hereinafter defined) specifying the terms and conditions of the acquisition, construction and installation of the Facility and the sale of the Facility to the Company, which Agreement was authorized by an authorization of the Department duly dated October 29, 1976 (the "Authorization"); and

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WHEREAS, in order to induce the Department to issue the Bond and the purchaser to purchase the Bond, (hereinafter defined) Standard Chlorine Chemical Co., Inc., a New Jersey Corporation (the "Guarantor") will execute and deliver to the Trustee a Guaranty Agreement of even date herewith (the "Guaranty"), pursuant to which the Guarantor will unconditionally guarantee the full and prompt payment when due of the principal of, premium, if any and interest on the Bond; and

WHEREAS the execution and delivery of the Indenture and the issuance of its Bond (hereinafter defined), under the Act have been in all respects duly and validly authorized by such Authorization; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Facility including necessary expenses incidental thereto, will require in addition to funds to be furnished by the Company the issuance, sale and delivery of the Bond in the principal amount of \$2,000,000 as hereinafter provided; and

WHEREAS the Bond of the Department to be issued, the Trustee's certificate of authentication to be endorsed on such Bond and any provisions for registration thereof to be endorsed thereon are all to be in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture:

(FORM OF REGISTERED BOND)
UNITED STATES OF AMERICA
THE STATE OF DELAWARE
DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT
POLLUTION CONTROL BOND
(STANDARD CHLORINE OF DELAWARE, INC.) - 1976

NO. R1

\$2,000,000

DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT, acting as a public agency of The State of Delaware (the "Department"), for value received, promises to pay from the source and as hereinafter provided, to BANK OF DELAWARE, 300 Delaware Avenue, Wilmington, Delaware or, its registered assigns, the aggregate principal sum of TWO MILLION DOLLARS (\$2,000,000) in annual installments on November 1 in each year as follows:

<u>DUE DATE</u>	<u>PRINCIPAL AMOUNT</u>
1977	\$ 140,000
1978	150,000
1979	160,000
1980	170,000
1981	185,000
1982	200,000
1983	215,000
1984	230,000
1985	260,000
1986	290,000

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(Red)

and to pay interest from the date of the Bond at the rate of seven and three-eighths (7 3/8%) per centum per annum on May 1, 1977 and thereafter, semi-annually, on November 1 and May 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto. Both principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America at the principal office of the Trustee, Bank of Delaware, in the City of Wilmington, Delaware, or its successor in trust.

The principal of this Bond or any part thereof may be paid prior to its stated maturity, or any interest payment date, at the option of the Department, at the request of the Company from amounts provided by the Company and pursuant to the Indenture.

This Bond constitutes an authorized issue of bonds limited in aggregate principal amount to \$2,000,000 issued and authorized to be issued for the purpose of paying the costs of acquiring, constructing and installing a water pollution control facility at the plant of Standard Chlorine of Delaware, Inc., (the "Company") in New Castle County, Delaware, (the "Facility") and paying necessary expenses related thereto. The Facility has been sold to the Company, a Delaware corporation pursuant to an Installment Sale Agreement (the "Agreement"), dated as of November 1, 1976, between the Department and the Company. Payment of the principal of, premium, if any, and interest on the Bond has been unconditionally guaranteed by Standard Chlorine Chemical Co. Inc., a New Jersey corporation (the "Guarantor") pursuant to a Guaranty Agreement dated as of November 1, 1976 (the "Guaranty") executed and delivered to the Bank of Delaware, as Trustee (hereinafter defined).

This Bond is issued under and is secured and entitled to the protection given to the Bond by an Indenture of Trust (hereinafter called the "Indenture"), dated as of November 1, 1976 duly executed and delivered by the Department to Bank of Delaware, in the City of Wilmington, Delaware, as Trustee (the "Trustee"). Reference is hereby made to the Agreement, the Guaranty and the Indenture, copies of which are on file at the principal office of the Trustee for a description of the provisions, among others, with respect to the nature and extent of the security, for the Bond, the rights, duties and obligations of the Department, the Trustee, the Company and the owner of the Bond and the terms upon which the Bond is issued and secured, and to all the provisions to which the owner hereof by acceptance of this Bond assents.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee subject to the provisions of the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond without coupons of the same series, payable in installments conforming to the then unpaid principal installments hereof, will be issued to the transferee in exchange for this Bond at the expense of the registered owner.

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(Red)

This Bond is issued pursuant to and in full compliance with the laws of The State of Delaware, including the Act and pursuant to an authorization signed by the Secretary of the Department which authorization approves and authorizes the execution and delivery of the Indenture. This Bond is a limited obligation of the Department. The Department's sole revenues available for the payment of this Bond are revenues derived from the sale of the Facility financed through the issuance of the Bond which Facility has been sold to the Company, and from the Guaranty. Payments under the Agreement sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bond are to be paid to the Trustee for the account of the Department and deposited in a special fund created by the Department. Such revenues have been duly pledged for that purpose, and in addition certain rights of the Department under the Agreement have been assigned to the Trustee.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of the Bond issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The lien of the Indenture may be discharged prior to the maturity or earliest redemption date of the Bond in the event the Bond is no longer deemed Outstanding as provided in the Indenture.

Neither the faith and credit nor the taxing power of The State of Delaware or any political subdivision or agency thereof is pledged to the payment of the principal of, premium, if any, or interest on this Bond and this Bond shall not be deemed to constitute a debt of The State of Delaware or any political subdivision or agency thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Department, do not exceed or violate any constitutional or statutory limitations.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

AR200190

ORIGINAL
(Red)

IN WITNESS WHEREOF the Department of Community Affairs and Economic Development has caused this Bond to be executed in its name by the signature of its Secretary and attested by the Secretary of the Council on Industrial Financing and its seal to be hereunto imprinted and this Bond to be dated November 1, 1976.

DEPARTMENT OF COMMUNITY AFFAIRS
AND ECONOMIC DEVELOPMENT

(SEAL)

By
Department Secretary

ATTEST:

.
Secretary,
Council on Industrial Financing

(FORM OF TRUSTEE'S CERTI-
FICATE OF AUTHENTICATION)

This Bond is the Bond of the issue herein designated, which is referred to in the within mentioned Indenture.

BANK OF DELAWARE

Trustee

By.
Authorized Officer

AR200191

ORIGINAL
(Red)

(FORM OF REGISTRATION)

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
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WHEREAS all things necessary to make the Bond, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligation of the Department according to the import thereof, and to constitute this Indenture a valid pledge of the revenues herein made to the payment of the principal of and premium, if any, and interest on the Bond, have been done and performed, and the creation, execution and delivery of this Indenture and the creation, execution and issuance of the Bond, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE OF TRUST WITNESSETH:

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(Red)

GRANTING CLAUSE

That the Department in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bond by the holder and owner thereof, and the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and premium, if any, and interest on the Bond according to its tenor and effect and the performance and observance by the Department of all the covenants expressed or implied herein and in the Bond, does hereby assign and pledge and grant a security interest unto Bank of Delaware, in the City of Wilmington, Delaware, as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the Department hereinafter set forth all of the Department's estate, right, title and interest in, to, and under any and all of the following described properties, subject to Permitted Encumbrances (as defined in the Agreement):

CLAUSE FIRST

The interests in the machinery, equipment and related property described in Exhibit A attached hereto as granted to the Department by the Company, and any and all additions and accessions thereto, substitutions, replacements and exchanges therefor and the proceeds thereof including without limitation, the proceeds of insurance.

CLAUSE SECOND

The Agreement, including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Department, thereunder including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any of the income, revenues, issues and profits and other sums of money payable or receivable thereunder, whether payable as installments of the purchase price, or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Department or any purchaser is or may become entitled to do under the Agreement, provided, that the assignment made by this clause shall not impair or diminish any obligation of the Department under the provisions of the Agreement.

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ORIGINAL
(Red)

CLAUSE THIRD

All installment sale payments, income, revenues, issues, profits and receipts derived from time to time from the sale, or other disposition of the Facility.

CLAUSE FOURTH

All money and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Department or by anyone in its behalf, or with its written consent to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular, said Trust Estate by this Granting Clause conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors in said trust and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth to secure the payment of the principal of, premium, if any, and interest on the Bond and for the equal and proportionate benefit, security and protection of all holders and owners of the Bond issued under and secured by this Indenture without privilege priority or distinction as to the lien or otherwise of any interest in the Bond over any of the other interest in the Bond;

PROVIDED, HOWEVER, that if the Department, its successors or assigns shall well and truly pay, or cause to be paid, the principal of the Bond and the premium, if any, and the interest due or to become due thereon, or make or cause to be made adequate provision for such payment at the times and in the manner mentioned in the Bond respectively, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund, as required under Article V, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it for the benefit of the holders of the Bond, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it with respect to the Bond and with respect to the Facility in accordance with the terms and provisions hereof, then upon such final payments or upon the making of such adequate provision for such payment in respect to the Bond the rights granted by this Granting Clause shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

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(Red)

THIS INDENTURE OF TRUST FURTHER WITNESSETH that, and it is expressly declared, the Bond issued and secured hereunder is to be issued, authenticated and delivered and all revenues and receipts attributable to or derived from the Facility hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Department has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the Bond, or any part thereof, as follows:

ARTICLE I DEFINITIONS

The following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" means Title 6, Subtitle IV, Chapter 70, Delaware Code, as amended.

"Agreement" means the Installment Sale Agreement executed by and between the Department and the Company as of even date herewith and any amendments or supplements thereto.

"Bond" or "Bonds" means the Pollution Control Bond (Standard Chlorine of Delaware, Inc.) - 1976 of the Department not exceeding \$2,000,000 aggregate principal amount to be issued hereunder and any additional bonds issued pursuant to Section 211 hereof.

"Bond Fund" means the fund created by Section 502 hereof.

"Bondholder", "holder" or "owner of the Bond" means the registered owner of any Bond registered except to bearer as to principal and interest.

"Code" means the Internal Revenue Code of 1954, as amended, and the Treasury Department Regulations promulgated thereunder.

"Company" means Standard Chlorine of Delaware, Inc., a Delaware corporation, and its successors and assigns and any surviving, resulting or transferee legal entity as provided in Section 8.3 of the Agreement.

"Construction Fund" means the fund created by Section 602 hereof.

"Default" or "event of default" means the occurrence or continuance of any one or more of those defaults specified in and defined by Section 1001 hereof.

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"Department" means the Department of Community Affairs and Economic Development acting as a public agency of The State of Delaware and its successors and assigns.

"Facility" means these items of machinery, equipment and related property described in Exhibit A hereto to be acquired, constructed and installed with a portion of the proceeds from the sale of the Bond, as well as any machinery, equipment or related property acquired in substitution therefor pursuant to Sections 6.1 and 6.2 of the Agreement or in addition or substitution therefor pursuant to Section 4.1 (a) of the Agreement.

"Guarantor" means Standard Chlorine Chemical Co., Inc. under the Guaranty, and its successors and assigns.

"Guaranty" means the Guaranty Agreement between the Guarantor and the Trustee, of even date herewith, as the same may be amended from time to time.

"Indenture" means these presents as supplemented by any supplemental indentures and amendatory indentures execute by the Department and the Trustee pursuant hereto.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and not an officer or a full time employee of the Department or the Company.

"Land" means the real estate in the unincorporated area of New Castle County, Delaware, leased by the Company from the Department, on which the Company's plant for the manufacture of chemicals is located and described in Exhibit B hereto.

"Outstanding Bonds" and "Bonds outstanding" means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except Bonds in lieu of which others have been authenticated under Section 208 hereof and Bonds which have been paid. Except to the extent otherwise required by the Act as it may be in effect at the time the determination is made, a Bond shall be deemed paid when:

(a) Such Bond is cancelled because of payment or redemption prior to maturity;

(b) Cash funds for the payment or redemption of such Bond shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

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(i) either the maturity date or the date fixed for redemption shall have passed, or

(ii) neither the maturity date nor the date fixed for redemption shall have passed but such cash funds shall have been so deposited irrevocably and arrangements satisfactory to the Trustee shall have been made to assure payment of all fees and expenses of the Trustee and each paying agent to become due upon and prior to the maturity or redemption date, with no funds to be invested in any investments but investments authorized under Section 4.8 of the Agreement maturing in such amounts (without regard to interest) and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and redemption premiums, if any, when due and as will not result in any of the Bonds or any obligations issued to provide such cash funds becoming "arbitrage bonds" under Section 103(d) of the Internal Revenue Code of 1954, as amended.

"Person" means any natural person, firm, association corporation or public body.

"Principal office" of the Trustee or any co-trustee or paying agent shall mean the office at which at the time in question its corporate trust business is principally conducted.

"Project" means the chemical manufacturing facility of the Company located on the Land.

"State" means The State of Delaware.

"Trust Estate" and "property herein conveyed" means all property granted pledged in trust to the Trustee by the Granting Clause hereof and includes all moneys deposited with or paid to the Trustee for the account of the Bond Fund, and the Construction Fund and the right to collect such moneys.

"Trustee" means Bank of Delaware, in the City of Wilmington, Delaware, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

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ARTICLE II
THE BONDS

Section 201. AUTHORIZED AMOUNT OF BONDS. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

Section 202. INITIAL ISSUANCE OF BOND. The Bond shall be issued as a single bond registered to the owner, shall be designated "Pollution Control Bond (Standard Chlorine of Delaware, Inc.) - 1976 in the aggregate principal amount of \$2,000,000, shall be dated November 1, 1976, shall bear interest from the date thereof at the rate of 7 3/8% per annum payable May 1, 1976 and thereafter semi-annually on November 1, and May 1, of each year on the unpaid principal amount thereof and the principal shall mature on November 1, in each year, subject to prepayment at anytime, as follows:

<u>Year</u>	<u>Amount</u>
1977	\$ 140,000
1978	150,000
1979	160,000
1980	170,000
1981	185,000
1982	200,000
1983	215,000
1984	230,000
1985	260,000
1986	290,000

Section 203. EXECUTION; LIMITED OBLIGATION. The Bond shall be executed on behalf of the Department with the manual signature of its Secretary attested with the signature of the Secretary of the Council on Industrial Financing and shall have imprinted thereon the official seal of the Department in facsimile. The Bond together with the premium, if any, and interest thereon, shall be a limited obligation of the Department payable from the Bond Fund, and other moneys constituting part of the Trust Estate and shall be a valid claim of the respective holders thereof only against such Fund and the revenues and receipts derived from the Facility and the Guaranty which revenues and receipts are hereby pledged for the payment of the Bond and shall be used for no other purpose than to pay the principal of and premium, if any, and interest on the Bond, except as may be otherwise expressly authorized in this Indenture. In case any officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

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Section 204. AUTHENTICATION. Only such Bond as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee.

Section 205. FORM OF BOND. The registered Bond issued under the Indenture shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 206. DELIVERY OF BOND. Upon the execution and delivery of this Indenture, the Department shall execute and deliver to the Trustee and the Trustee shall authenticate a Bond in the aggregate principal amount of \$2,000,000 and deliver it to the purchaser as may be directed by the Department as hereinafter provided in this Section 206.

Prior to the delivery by the Trustee of the Bond there shall be filed with the Trustee:

(a) An original of the Authorization adopted and signed by the Secretary of the Department authorizing the execution and delivery of the Agreement, the Indenture and the Bond.

(b) An original executed counterpart of the Agreement, the Indenture and the Guaranty.

(c) The title opinion required by Section 3.4 of the Agreement.

(d) A request and authorization to the Trustee on behalf of the Department and signed by the Secretary of the Department to authenticate the Bond and deliver the Bond to the purchaser therein identified upon payment to the Trustee for account of the Department of a sum equal to the face amount of the Bond plus accrued interest to the date of delivery.

(e) Such other documents, and opinions as counsel for the Trustee may reasonably request.

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Section 207. PRIORITY OVER OTHER LIENS. This Indenture is given in order to secure funds to pay the costs of the acquisition of equipment and by reason thereof it is intended that, to the extent permitted by law, this Indenture shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon such equipment.

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(Red)

Section 208. MUTILATED, LOST, STOLEN OR DESTROYED BOND. In the event the Bond is mutilated, lost, stolen or destroyed, the Department may, if and to the extent then authorized by law, execute and the Trustee may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case the Bond is mutilated, the mutilated Bond shall first be surrendered to the Trustee, and if the Bond is lost, stolen or destroyed there shall be first furnished to the Department and the Trustee evidence of such loss, theft or destruction satisfactory to the Department and the Trustee, together with indemnity satisfactory to them. In the event the Bond shall have matured, instead of issuing a duplicate Bond the Department may pay the same without replacement thereof. The Department and the Trustee may charge the holder or owner of the Bond with their reasonable fees and expenses in this connection.

Section 209. NEGOTIABILITY, TRANSFER AND REGISTRY. The Bond shall be transferable only upon the books of the Department, which shall be kept for the purpose at the principal office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond the Department shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

The Department, the Trustee and each paying agent may deem and treat the person in whose name any registered Bond shall be registered upon the books of the Department as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or premium, if any, on the Bond and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Department, nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

All Bonds issued under the Indenture, shall have such attributes of negotiability as are provided for under the laws of the State.

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ORIGINAL
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Section 210. REGULATIONS WITH RESPECT TO EXCHANGE AND TRANSFER. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Department shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. There shall be no charge to a bondholder for the first such exchange or transfer of any Bond except that the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Department nor the Trustee shall be required (a) to register, transfer or exchange Bonds for a period of ten days next preceding an interest payment date on the Bonds or next preceding any selection of Bonds to be redeemed or (b) to register, transfer or exchange any Bonds called for redemption.

Section 211. ISSUANCE OF ADDITIONAL BONDS. At the request of the Company, with the written consent of the owner of the Bond, by indenture supplemental hereto the Department may from time to time, subject to the Act, provide for the issuance hereunder of additional bonds for the purpose of financing the cost of completing or expanding the Facility and expenses incidental thereto. Such additional bonds shall be secured by this Indenture and shall rank on a parity of security in all respects with the Bond issued and to be issued hereunder.

Such additional bonds shall have such identifying designation, shall be dated, shall mature at such time or times, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, shall be executed substantially in the form and manner hereinabove set forth and shall contain such other provisions not inconsistent with this Indenture as the authorization of the Department and the aforesaid supplemental indenture providing for the issuance thereof shall fix and determine.

The Department may execute and deliver to the Trustee and the Trustee shall authenticate and deliver additional bonds upon receipt by the Trustee of the following documents in form satisfactory to the Trustee:

(a) an original of the bond authorization executed by the Secretary of the Department authorizing the issuance of such additional bonds, the execution of the supplemental indenture and the amendment to the Agreement, the award of said bonds and directing the authentication and delivery of such bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth.

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(b) an executed counterpart of the supplemental indenture providing for the issuance of said bonds.

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(c) an executed counterpart of an amendment to the Agreement providing for increased payments in an amount sufficient to provide for the payment of the principal of and interest on and premium, if any, on all the bonds then and thereafter to be outstanding hereunder as and when they become due and payable as well as all other amounts payable under the Indenture and each indenture supplemental thereto.

(d) an executed counterpart of any amendment to the Guaranty.

(e) a certificate of the Secretary of the Department stating in substance that the Department is not and upon the issuance of the additional bonds will not be in default in the performance and observance of any of the terms or conditions of the Indenture on its part to be performed or observed and that all conditions precedent provided in this Indenture and each indenture supplemental thereto relating to the issuance of additional bonds have been complied with.

(f) a certificate of the President or any Vice-President and Secretary or Assistant Secretary or Treasurer of the Company stating in substance that the Company is not in default in the performance and observance of any of the terms or conditions of the Agreement on its part to be performed or observed.

(g) an opinion of counsel for the Department stating that the instruments so delivered to the Trustee conform to the requirements of this Section 211, that all conditions precedent provided for in the Indenture relating to the issuance, authentication and delivery of such additional bonds have been complied with, that the issuance of said bonds and the execution and delivery of said supplemental indenture and said amendment to the Agreement have been duly authorized, that interest on the Bonds and such additional bonds will not be includable in the gross income of the holders thereof for Federal income tax purposes and that, if the design of the Facility is altered, the Facility, as then designed, will qualify as a water pollution control facility as that term is used in the Act and the Code.

(h) an opinion of counsel for the Company to the effect that the amendment to the Agreement has been duly authorized by and executed and delivered on behalf of the Company and that the Agreement as amended thereby is valid and enforceable in accordance with its terms.

(i) an opinion of counsel for the Guarantor to the effect that any amendment to the Guaranty has been duly authorized and executed and delivered on behalf of the Guarantor and that the Guaranty as amended is valid and enforceable in accordance with its terms.

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ARTICLE III
PAYMENT OF BOND BEFORE MATURITY

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Section 301. PAYMENT OF BOND BEFORE MATURITY. The principal on the Bond may be paid prior to its stated maturity in inverse order of the maturity of the annual installments of principal to become due at any time (a) from any funds in the Construction Fund on the Completion Date (as defined in the Agreement) transferred to the Bond Fund pursuant to the Agreement, (b) from any funds paid to the Trustee by the Company for deposit in the Bond Fund with instruction to pay other than the next succeeding principal payment due on the Bond and (c) any funds deposited in the Bond Fund by virtue of an event of default.

Section 302. NOTICE OF REDEMPTION PREPAYMENT OF PRINCIPAL OF THE BOND. The Department shall not be required to notify the owner of the Bond prior to prepayment of the Bond.

Section 303. CANCELLATION. All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued and a counterpart of the certificate of destruction shall be furnished by the Trustee to the Department and the Company.

ARTICLE IV
GENERAL COVENANTS

Section 401. PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST. The Department covenants that it will promptly pay the principal of and premium, if any, and interest on the Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bond according to the true intent and meaning thereof. The principal of and premium, if any, and interest on the Bond are payable solely by the Department from the revenues and receipts derived from the sale of the Facility, and the Guaranty which revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bond or in this Indenture should be considered as pledging any other funds or assets of the Department and the Bond and the interest thereon shall not be deemed to constitute a debt of the State or any political subdivision or agency thereof or a pledge of the faith and credit or the taxing power of the State or any such political subdivision or agency.

Section 402. PERFORMANCE OF COVENANTS AND AUTHORITY. The Department covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Department covenants that it is duly authorized under the Constitution and laws of The State of Delaware to issue the Bond authorized hereunder and to execute this Indenture, and the Agreement, and to pledge the revenues and receipts derived from the sale of the Facility in the manner and to the extent herein set forth and that all action on its part for the issuance of the Bond and the execution and delivery of this Indenture, and the Agreement have been duly and effectively taken, and that the Bond in the hand of the holder and owner thereof is and will be a valid and enforceable obligation of the Department according to the import thereof.

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Section 403. OWNERSHIP AND INSTRUMENTS OF FURTHER ASSURANCE. The Department covenants that it lawfully owns and is lawfully possessed of the personal property described in Exhibit A hereto free from all encumbrances other than Permitted Encumbrances (as defined in the Agreement) and that it will warrant and defend its title thereto and every part thereof to the Trustee, for the benefit of the holder and owner of the Bond against the claims and demands of all persons whomsoever. The Department covenants and agrees that, except as herein and in the Agreement provided, it will not sell, lease, convey, mortgage encumber or otherwise dispose of any part of the Facility or the revenues and receipts thereof.

Section 404. PAYMENT OF TAXES, CHARGES, INSURANCE ETC. Pursuant to the provisions of Section 6.3 of the Agreement the Company has agreed to pay all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Agreement. Pursuant to the provisions of Section 6.4 of Agreement the Company has agreed to keep the Project insured to the extent and in the manner therein provided.

Section 405. MAINTENANCE AND REPAIR. Pursuant to the provisions of Section 6.1 of the Agreement the Company has agreed (i) to keep the Project in as reasonably safe condition as its operations shall permit and (ii) to keep the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Company may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect the integrity or operating efficiency of the Project or substantially reduce its value, all in accordance with Section 6.1 of the Agreement.

Section 406. RECORDATION OF DOCUMENTS. The Department and the Trustee covenant that they will cause all financing statements, continuation statements and other instruments required by applicable law to be kept recorded and filed to perfect the Department's rights under Section 403 hereof and in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holder and owner of the Bond, and the rights of the Trustee hereunder so long as the Bond is Outstanding, whether or not the Agreement is then in effect.

Section 407. INSPECTION OF PROJECT BOOKS. The Department covenants and agrees that all books and documents in its possession relating to the Project and the Facility and the revenues derived from the Project and the Facility shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

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ORIGINAL
(Red)

Section 408. RIGHTS UNDER THE AGREEMENT AND GUARANTY. The Agreement sets forth the covenants and obligations of the Department and the Company relating to the sale of the Facility and reference is hereby made to the Agreement for a detailed statement of said covenants and obligations of the Company thereunder. Reference is also hereby made to the Guaranty which sets forth in detail the covenants and obligations of the Guarantor thereunder. So long as the Bond is outstanding, the Department shall faithfully and punctually perform and observe all obligations and undertakings on its part to be performed or observed under, and preserve and enforce all the terms and provisions of the Agreement. The Department agrees that the Trustee hereof may enforce for and on behalf of the holders of the Bond all of the covenants and agreements of the Department and the Company as set forth in the Agreement, and all obligations of the Guarantor under the Guaranty, whether or not the Department is in default hereunder or under the Agreement.

ARTICLE V REVENUES AND FUNDS

Section 501. SOURCE OF PAYMENT OF BOND. The Facility has been sold to the Company under the Agreement and the Basic Payments (as defined in the Agreement) therefor provided in Section 5.3 of the Agreement are to be remitted directly to the Trustee for the account of the Department and deposited in the Bond Fund. Basic Payments are sufficient in amount to pay the principal of and premium, if any, and interest on the Bond, when due, and the entire amount of said payments is pledged to the payment of the principal of and premium, if any, and interest on the Bond.

Section 502. CREATION OF THE BOND FUND. There is hereby created by the Department and established with the Trustee, as a trust fund, a fund to be designated "Department Bond Fund - Standard Chlorine of Delaware, Inc. - 1976."

Section 503. PAYMENTS INTO THE BOND FUND. There shall be deposited in the Bond Fund all accrued interest received at the time of the issuance and delivery of the Bond plus premium, if any. In addition, there shall be deposited in the Bond Fund as and when received, (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3 of the Agreement except as otherwise directed in Section 4.3; (b) all Basic Payments for the Facility payable pursuant to the provisions of Section 5.3 of the Agreement; (c) any amount paid to the Trustee on account of the Facility pursuant to Article XI of the Agreement; (d) all prepayments of Basic Payments specified in Section 9.5 of the Agreement; and (e) all other moneys received by the Trustee under and pursuant to any of the provisions of the Agreement the Guaranty or the Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund.

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The Department hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from revenues derived from the sale of the Facility (whether or not under and pursuant to the Agreement) promptly to meet and pay the principal of and premium on, if any, and interest on the Bonds as the same become due and payable and to this end the Department covenants and agrees that, so long as any Bonds issued hereunder are Outstanding, it will cause the Facility to be continuously and efficiently leased or sold as a revenue and income producing undertaking, and that, should there be default under the Agreement the Department shall fully cooperate with the Trustee and with the bondholders to fully protect the rights and security of the bondholders.

Section 504. PAYMENT PRIOR TO BASIC PAYMENT DATES. The Basic Payments specified in Section 5.3 of the Agreement are to commence on April 25, 1977 and shall be made on each successive October 25 and April 25 until the Bond no longer is Outstanding.

Section 505. USE OF MONEYS IN THE BOND FUND. Except as provided in Sections 509, 1005, and 1102 hereof, moneys in the Bond Fund shall be used solely for the payment of the interest and premium, if any, on the Bond and for the payment or redemption of the Bond at or prior to maturity. Except as provided in Section 9.4 of the Agreement and Section 301 of the Indenture, no part of the Basic Payments made under Section 5.3 of the Agreement shall be used to pay principal of the Bond prior to maturity; provided, however, that whenever the amount in the Bond Fund is sufficient to pay the unpaid principal of the Bond and any interest accrued or to accrue to a date set for full prepayment of the Bond together with other amounts owing under the Agreement and the Indenture, the Department covenants to take necessary steps to retire the Bond.

Section 506. CUSTODY OF THE BOND FUND AND WAIVER OF INTEREST. The Bond Fund shall be held by the Trustee as a trust fund for the benefit of the owner of the Bond and the Department hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the Bond, premium, if any, and interest thereon as the same become due and payable and to make said funds so withdrawn available to the Trustee for the purposes of paying said principal, premium, if any, and interest, which authorization and direction the Trustee hereby accepts. The holder of the Bond may waive interest, in whole or in part, for any period of time such holder desires. Any such waiver of interest on the Bond may be evidenced by letter to the Trustee, signed by or on behalf of the owner of the Bond. A copy of each such letter shall be sent by the Trustee to the Company and to the Department and the Trustee shall be entitled to rely on each such letter.

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Section 507. TRUSTEE'S AND PAYING AGENT'S FEES, CHARGES AND EXPENSES. Pursuant to the provisions of Section 5.3 of the Agreement, the Company has agreed to pay to the Trustee in accordance with customary practice, until the principal of and premium, if any, and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of this Indenture: (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under this Indenture when the same become due, (ii) the reasonable fees and charges of the Trustee as Bond Registrar and paying agent and any other paying agent for acting as paying agent as herein provided, as and when the same become due, (iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it under this Indenture as and when the same become due.

Section 508. MONEYS TO BE HELD IN TRUST. All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the payment of the Bond, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof. t

Section 509. REPAYMENT TO THE COMPANY FROM THE BOND FUND. Any amounts remaining in the Bond Fund after payment in full of the Bond, the fees, charges and expenses of the Trustee and the paying agent and all other amounts required to be paid hereunder shall be paid to the Company upon the expiration or sooner termination of the term of the Agreement as provided in Section 12.5 of Agreement.

Section 510. DEPOSITS UNDER GUARANTY. Reference is hereby made to the Guaranty in which it is provided that the Guarantor guarantees the payment, when due, of the principal of, premium, if any, and interest on the Bond. The Trustee and the Department hereby acknowledge that any amounts received under the Guaranty shall be deposited in the Bond Fund and applied to the payment of the principal of, premium, if any, and interest on the Bond.

ARTICLE VI CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 601. DEPOSITS IN THE BOND FUND. From the proceeds of the issuance and delivery of Bond there shall be deposited in the Bond Fund the amount specified in Section 503 hereof.

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Section 602. CONSTRUCTION FUND; DISBURSEMENTS. There is hereby created and established with the Trustee a trust fund to be designated, "Department Construction Fund - Standard Chlorine of Delaware, Inc." The balance of the proceeds of the issuance and delivery of the Bond remaining after the deduction provided by Section 601 hereof has been made shall be deposited in the Construction Fund.

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Moneys in the Construction Fund shall be expended in accordance with the provisions of the Agreement, and particularly Section 4.3 thereof. The Department covenants and agrees to take all necessary and appropriate action promptly in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue its checks for, or transfer funds with respect to, each disbursement required by the aforesaid provisions of the Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Facility has been acquired, constructed and installed and a certificate of payment of all costs filed as provided in Section 603, the Trustee shall file an accounting thereof with the Department and with the Company.

Section 603. COMPLETION OF FACILITY. The completion of the acquisition, construction and installation of the Facility and payment of all costs and expenses incidental thereto shall be evidenced by the filing with the Trustee of the certificate required by the provisions of Section 4.5 of the Agreement which certificate shall also state that all obligations and costs in connection with the Facility and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee at the direction of the Company for the payment of costs of the Facility not then due and payable as provided in the Agreement. As soon as practicable, and in any event no later than sixty days from the date of the certificate referred to in the preceding sentence, any balance remaining in the Construction Fund (other than the amounts retained by the Trustee referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund.

ARTICLE VII INVESTMENTS

Section 701. INVESTMENT OF CONSTRUCTION FUND MONEYS. Any moneys held as part of the Construction Fund shall be invested and reinvested by the Trustee in accordance with the provisions of Section 4.8 of the Agreement at the direction of the Company. Any such investments shall be held by the Trustee and shall be deemed at all times a part of the Construction Fund and the interest accruing thereon and any profit realized from such investments shall be credited to the Bond Fund, and any loss resulting from such investments shall be charged to such Bond Fund. The Trustee is hereby authorized to sell and reduce to cash funds a sufficient amount of such investments whenever the balance in the Construction Fund is insufficient to pay a requis when presented.

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Section 702. INVESTMENT OF BOND FUND MONEYS. Any moneys held as part of the Bond Fund shall be invested or reinvested by the Trustee in investments enumerated in Section 4.3 of the Agreement to the extent that such investment is feasible and consistent with the required payment of principal of and interest on the Bond subject to the discretion of the Trustee at the direction of the Company. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be credited to such Fund and any loss resulting from such investment shall be charged to such Fund. The Trustee is hereby authorized to sell and reduce to cash a sufficient portion of investments, if any, made under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the interest and principal requirements in accordance with the Indenture. Pursuant to the provisions of Section 5.3 of Agreement the Company has agreed that if at any interest payment date the balance in the Bond Fund is insufficient to make required payments of principal and interest on such date then the Company will forthwith pay any such deficiency to the Trustee.

Section 703. ARBITRAGE BOND COVENANT. The Department and the Trustee hereby covenant with the owner of the Bond that they will make no use of the proceeds of the Bond, or any other funds of the Department which may be deemed to be proceeds of such Bond pursuant to Section 103(d)(2) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Bond, would have caused the Bond to be an "arbitrage bond" within the meaning of said Section and said regulations, and will comply with the requirements of said Section and said regulations throughout the term of the Bond.

ARTICLE VIII SUBORDINATION TO RIGHTS OF COMPANY

Section 801. SUBORDINATION TO RIGHTS OF COMPANY. This Indenture and the rights and privileges hereunder of the Trustee and the owner of the Bond are hereby specifically made subject and subordinate to the rights and privileges of Company set forth in the Agreement. The Department and Trustee consent that they will execute and deliver any instrument necessary or appropriate at any time to confirm or evidence such subordination or to enable the Company to exercise or enjoy such rights, privileges and options. So long as not otherwise provided in the Indenture, the Department shall be suffered and permitted to possess, use and enjoy the Facility as defined in the Agreement and appurtenances so as to carry out its obligations under the Agreement.

ARTICLE IX DISCHARGE OF LIEN OF THE INDENTURE

Section 901. DISCHARGE OF LIEN OF THE INDENTURE. If (i) the Department shall pay or cause to be paid to the holder or owner of the Bond the principal, premium, if any, and interest (except to the extent waived under Section 506 hereof) to become due thereon **AR200209**

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in the manner stipulated therein and herein; and (ii) the Trustee's and paying agent's fees and expenses to accrue until final payment of the Bond shall have been paid; and (iii) the Department shall keep, perform and observe all and singular the covenants and promises in the Bond and in this Indenture expressed as to be kept, performed and observed by it or on its part, and the Company pursuant to the Agreement shall have paid (or shall have made provision for such payment satisfactory to the Department) all costs incurred by the Department in connection with financing the Facility, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Department such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Department the estate hereby conveyed, and assign and deliver to the Department any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Company under Section 509 hereof and except cash held by the Trustee for the payment of principal of and premium, if any, and interest on the Bond.

The Bond shall be deemed paid for purposes of the foregoing paragraph when it ceases to be Outstanding within the definition thereof in Article I hereof.

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ARTICLE X
DEFAULT PROVISIONS AND REMEDIES
OF TRUSTEE AND BONDHOLDERS

Section 1001. DEFAULTS: EVENTS OF DEFAULT. The occurrence of any of the following events, subject to the provisions of Section 1001 hereof, is hereby defined as and declared to be and to constitute an "event of default":

(a) Default in the due and punctual payment of any interest on the Bond or default in the payment of the principal of or premium, if any, on the Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration when due.

(b) The occurrence of any "event of default" under the Agreement as provided in Section 10.1 thereof which shall not be cured by the Company pursuant to the terms of the Agreement.

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Department in this Indenture or in the Bond, and the continuance thereof for a period of thirty days after written notice to the Department by the Trustee.

(d) The occurrence of an "event of default" under the Guaranty as provided in Section 3.1 of the Guaranty.

Section 1002. ACCELERATION. Upon the occurrence of an event of default hereof, the Trustee may, and upon the written request of the holder or owner of the Bond by notice in writing delivered to the Department declare the principal of the Bond and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any declaration of acceleration hereunder the Department and the Trustee shall immediately declare all installments of Basic Payments payable under Section 5.3 of the Agreement to be immediately due and payable in accordance with Section 10.2 (a) of the Agreement together with any other payments due including payments that may be due by virtue of an event of default described in Section 10.1(b) of the Agreement.

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Section 1003. OTHER REMEDIES. Upon the happening of any event of default specified in Section 1001 hereof, the Trustee may, in addition to the remedies set forth in the Act, and upon the written consent of the holders of twenty five percent (25%) or more in the principal amount of the Bonds and upon being indemnified to its satisfaction shall proceed to protect and enforce its rights and the rights of the bondholders by mandamus or other suit, action or proceeding at law or in equity, for the specific performance of any covenant or agreement herein contained, including the right to require the Department to collect charges adequate to carry out the terms of the Indenture of any other agreements with, or for the benefit of the bondholders (including, but not limited to, the Agreement) and to perform its duties under this Indenture or for the enforcement of any other proper legal or equitable remedies as the Trustee, on the advice of counsel, shall deem most effective to protect and enforce its rights and the rights of the bondholders, including, but not limited to, an action, suit or proceeding in equity requiring the Department to account to the Trustee as if said Department was the trustee of an express trust for the bond holders and by an action, suit or proceeding in equity to enjoin, restrain or prohibit any acts or things whether completed, in the process of being completed or threatened, which may be unlawful or in violation of the rights of the bondholders, or to bring suit upon the Bonds.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

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No waiver of any default or event of default hereunder, whether by the Trustee or by the bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 1004. RIGHT OF BONDHOLDERS TO DIRECT PROCEEDINGS. Anything in this Indenture to the contrary notwithstanding, the holders or owners of a majority in the aggregate principal amount of the Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 1005. APPLICATION OF MONEYS. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be allocated to and deposited in the Bond Fund. All moneys so deposited in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all moneys shall be applied:

First -- To the payment to the persons entitled thereto of all installments of interest then due on the Bond in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

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Second -- To the payment to the persons entitled thereto of the unpaid principal of any of the Bond which shall have become due (other than any Bond called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bond from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full all Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which

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such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

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Whenever all Bonds and premium, if any, and interest thereon have been paid under the provisions of this Section 1005 and all expenses and charges of the Trustee and the paying agent have been paid, any balance remaining in the Bond Fund shall be paid to the Company as provided in Section 509 hereof.

Section 1006. REMEDIES VESTED IN TRUSTEE. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the Bonds.

Section 1007. RIGHTS AND REMEDIES OF BONDHOLDERS. Except as otherwise provided by law, no holder of any Bond or owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in paragraph (g) of Section 1101 hereof, or of which by said paragraph it is deemed to have notice, nor unless also such default shall have become an event of default and the holder or owner of any Bonds shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also it shall have offered to the Trustee indemnity as provided in Section 1101 hereof nor unless also the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be

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conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or owners of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders or owners of all Bonds. Nothing contained in this Indenture shall, however, affect or impair the right of any bondholder to enforce the payment of the principal of or premium, if any, or interest on any Bond when due or the obligation of the Department to pay the principal of and premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner in said Bonds and the appurtenant coupons expressed.

Section 1008. TERMINATION OF PROCEEDINGS. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Department and the Trustee shall be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1009. WAIVERS OF EVENTS OF DEFAULT. The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal, upon the written request of the holders or owners of (1) at least one-half in aggregate principal amount of all the Bonds in respect of which default in the payment of principal or interest existed, or (2) at least one-half in principal amount of all Bonds in the case of any other default; provided, however, that there shall not be waived without the consent of the owners or holders of all bonds (a) any event of default in the payment of the principal of any Bonds at the date of maturity specified therein or (b) except as provided in Section 506, any default in the payment when due of the interest on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne

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by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all appears of payments of principal when due, as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for, and in the case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Department, Trustee and the bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 1010. NOTICE OF DEFAULTS; OPPORTUNITY OF THE COMPANY TO CURE DEFAULTS. Anything herein to the contrary notwithstanding, no default except default in the payment of principal, interest or redemption premiums when due, shall constitute an event of default until actual notice of such default by telegram or registered or certified mail shall be given by the Trustee or by the holders or owners of not less than twenty-five per cent in aggregate principal amount of Bonds to the Department and the Company and the Company shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or cause said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Department or the Company within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Company under the provisions of this Section 1010 the Department hereby grants the Company full authority for the account of the Department to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Department with full power to do any and all things and acts to the same extent that the Department could do and perform any such things and acts and with power of substitution.

In the event that the Trustee fails to receive at least five days prior to any semi-annual interest payment date the Basic Payment payable by the Company under Section 5.3 of the Agreement, the Trustee shall immediately give written notice by registered mail, postage prepaid, return receipt requested, or by messenger to the Department and the Company specifying such default.

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ARTICLE XI
THE TRUSTEE

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Section 1101.1 ACCEPTANCE OF THE TRUSTS. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified in Section 1115 hereof and shall be entitled to advice of counsel and other professional and technical advisers concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Department or the Company). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds and the authority of the Trustee to accept and execute trusts of the character herein provided), or for any recording or rerecording, filing or re-filing of this Indenture, or for the validity of the execution by the Department of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties of the Department under the Agreement. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VII hereof.

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(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the holder or owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the holder or owner of any Bond, shall be conclusive and binding upon all future holders or owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Department by the Department Secretary and attested by Counsel to the Department as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in paragraph (g) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate signed on behalf of the Department by its Secretary and attested by the Counsel to the Department to the effect that an authorization in the form therein set forth has been adopted by the Department as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(f) Subject to Section 1115 hereof the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

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(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Department to cause to be made any of the payments to the Trustee required to be made by Article V unless the Trustee shall be specifically notified in writing of such default by the Department or by the holders or owners of at least twenty-five per cent (25%) in aggregate principal amount of any Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Project as in this Indenture provided.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of the Department pertaining to the Facility and the Bonds and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Department to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

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(l) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(n) The Trustee shall have no duty with respect to effecting or maintaining insurance and the Trustee shall not be responsible for any loss by reason of want or insufficiency of insurance, or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the project.

Section 1102. FEES, CHARGES AND EXPENSES OF TRUSTEE. The Trustee shall be entitled to payment or reimbursement in accordance with customary practice for reasonable fees for its ordinary services rendered hereunder and all advances, counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services and, in the event that it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided, that if such extraordinary services or extraordinary expenses are occasioned by the neglect or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as paying agent for the Bonds and coupons as hereinabove provided. Upon an event of default, the Trustee shall have a first lien with right of payment prior to payment on account of interest or principal of any Bond upon the Trust Estate for the foregoing advances, fees, costs and expenses incurred and shall not have any claim against the Department for such advances, fees, costs and expenses. The Trustee shall also be indemnified for, and be held harmless against, any

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loss, liability or expense incurred without gross negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in the premises, such indemnification and holding harmless to be achieved only as and from the sources permitted by the Act.

Section 1103. NOTICE TO BONDHOLDERS IF DEFAULT OCCURS. If a default occurs of which the Trustee is by paragraph (g) of Section 1101 hereof required to take notice or if notice of default be given as is provided in said paragraph (g), then the Trustee shall give written notice thereof by mail to all registered owners of Bonds. The Trustee shall give such notice within ninety days after the occurrence of the default involved or within fifteen days after receipt by the Trustee of notice of such default, whichever is later, and such notice shall mention all defaults known to the Trustee unless such defaults shall have been remedied before the giving of such notice.

Section 1104. INTERVENTION BY TRUSTEE. In any judicial proceeding to which the Department is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders or owners of the Bonds, the Trustee may intervene on behalf of bondholders and, subject to the provisions of Section 1101(1) hereof, shall do so if requested in writing by the holders or owners of at least twenty-five per cent of the aggregate principal amount of Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 1105. SUCCESSOR TRUSTEE. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, if otherwise qualified to act as Trustee hereunder, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

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Section 1106. RESIGNATION BY THE TRUSTEE. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the Department and to the Company and by registered or certified mail to each registered owner of Bonds. and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the bondholders or by the Department. Such notice to the Department may be served personally or sent by registered mail.

Section 1107. REMOVAL OF THE TRUSTEE. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, to the Company and to the Department, and signed by the holders or owners of not less than a majority in the aggregate principal amount of the Bonds then outstanding.

Section 1108. APPOINTMENT OF SUCCESSOR TRUSTEE BY THE BONDHOLDERS; TEMPORARY TRUSTEE. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise becomes incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders and owners of not less than a majority in the aggregate principal amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such holders, owners, or by their attorneys in fact, duly authorized, a copy of which shall be furnished to the Company provided, nevertheless, that in case of such vacancy the Department by an instrument executed and signed by its Secretary and attested by the Secretary of the Council on Industrial Financing under its seal, a copy of which shall be furnished to the Company may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the bondholders in the manner above provided, and any such temporary Trustee so appointed by the Department shall immediately and without further act be superseded by the Trustee so appointed by such bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing, within or outside The State of Delaware, having a reported capital and surplus of not less than \$15,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

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Section 1109. CONCERNING ANY SUCCESSOR TRUSTEES.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Company and the Department an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor, or the Department, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Department be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Department. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed or recorded or both by the successor Trustee in each recording office where the Indenture shall have been filed or recorded.

Section 1110. RIGHTS OF TRUSTEE TO PAY TAXES AND OTHER CHARGES. In case any tax, assessment or governmental or other charge upon or insurance premium with respect to any part of the Project is not paid as required herein and in the Agreement, the Trustee may pay such tax, assessment, governmental charge or insurance premium without prejudice, subject however, to any rights of the Trustee or the bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of ten and one-half per cent per annum, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the Facility, if not otherwise caused to be paid; provided, however, the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders or owners of at least twenty-five per cent of the aggregate principal amount of Bonds and shall have been provided with adequate funds for the purpose of such payment.

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Section 1111. TRUSTEE PROTECTED IN RELYING UPON AUTHORIZATIONS, ETC. The authorizations, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 1112. SUCCESSOR TRUSTEE AS CUSTODIAN OF BOND FUND AND CONSTRUCTION FUND, PAYING AGENT AND BOND REGISTRAR. In the event of a change in the office of Trustee the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Bond Fund and the Construction Fund, paying agent for principal and interest of the Bonds and Bond Registrar and the successor Trustee shall become such custodian, paying agent and Bond Registrar.

Section 1113. TRUST ESTATE MAY BE VESTED IN CO-TRUSTEE. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of Delaware) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the Trust Estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.

The Trustee may, in its discretion, appoint one or more additional individuals or institutions as separate or co-trustees by written instrument. The Trustee may from time to time, in writing, prescribe the powers, duties and rights of each separate or co-trustee and may remove any such separate or co-trustee for cause. Each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall, to the extent provided by the Trustee, be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable the separate or co-trustee to exercise the powers, rights and duties so provided by the Trustee, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either the Trustee or such separate or co-trustee.

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Should any deed, conveyance or instrument in writing from the Department be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Department. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 1114. ELIGIBILITY OF TRUSTEE. There shall at all times be one or more Trustees or co-trustees hereunder, at least one of whom shall at all times be a corporation organized and doing business under the laws of the United States or of any State or Territory or of the District of Columbia, with a capital and surplus meeting the requirements of Section 1108 hereof (except for the Bank of Delaware whose capital and surplus shall be not less than \$5,000,000), and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority.

Section 1115. DUTIES OF TRUSTEE. Notwithstanding anything to the contrary contained herein, the Trustee shall, prior to the occurrence of an event of default, as defined in Section 1001 hereof, and after the curing of all such events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any such event of default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in such exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(a) prior to an event of default hereunder and after the curing of all events of default which may have occurred,

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such

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duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

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(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee, conforming to the requirements of this Indenture; but notwithstanding any provision of this Indenture to the contrary in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture.

(b) at all times, regardless of whether or not any event of default shall exist,

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders or owners of not less than a majority in aggregate principal amount of all the Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture. For the purposes of determining whether the holders or owners of the required principal amount of Bonds have concurred in any such direction, Bonds owned by any obligor upon the Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction only Bonds which the Trustee knows are so owned shall be so disregarded.

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The term "Responsible Officer" of the Trustee, as used in this Indenture, shall mean and include the Chairman of the Board of Directors, the President and any Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Trustee, as used in this Indenture, shall mean and include any of said responsible officers.

ARTICLE XII SUPPLEMENTAL INDENTURES

Section 1201. SUPPLEMENTAL INDENTURES NOT REQUIRING CONSENT OF BONDHOLDERS. The Department and the Trustee may without the consent of, or notice to, any of the bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture.

(b) To grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the bondholders or the Trustee or either of them.

(c) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral.

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

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(e) To provide for the issuance of Additional Bonds in accordance with Section 211 hereof.

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(f) To grant easements or release machinery or equipment from the lien of the Indenture, pursuant to the Agreement.

Section 1202. SUPPLEMENTAL INDENTURES REQUIRING CONSENT OF BONDHOLDERS. Exclusive of supplemental indentures covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders and owners of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall jointly have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Department and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Department for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest or redemption premium thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the holders and owners of which are required to consent to supplemental indentures or (e) the creation of any lien (other than Permitted Encumbrances as defined in the Agreement) prior to or on a parity with the lien of this Indenture except such lien as may be created in the issuance of additional bonds under Section 211 hereof. The Trustee may but shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

If at any time the Department shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the Department and in any event one time in a newspaper or financial journal of general circulation among dealers in municipal securities published in the City of New York, New York or such other newspaper as mutually agreed upon by the

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Department and the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all bondholders and owners. If, within sixty days (or such longer period as shall be prescribed by the Department) following the final publication of such notice, the holders or owners of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder or owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Department from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may receive an opinion of counsel (who may be counsel for the Department or the Company that any supplemental indenture entered into by the Department and the Trustee complies with the provisions of this Article XII and the Trustee may rely on such opinion.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII, except under paragraphs (a), (c) and (d) of Section 1201 hereof and clauses (i) and (ii) of Section 1301 hereof, which affects any rights of the Company shall not become effective unless and until the Company shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Company at least fifteen days prior to the proposed date of execution and delivery of any such supplemental indenture. The Company shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Company on or before 4:30 o'clock P.M. prevailing time of the fifteenth day after the mailing of said notice and a copy of the proposed supplemental indenture.

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ARTICLE XIII
AMENDMENT TO AGREEMENT

Section 1301. AMENDMENTS, ETC., AGREEMENT NOT REQUIRING CONSENT OF BONDHOLDERS. The Department and the Trustee may, without the consent of or notice to the bondholders, consent to any amendment, change or modification of the Agreement as may be required: (i) by the provisions of the Agreement or this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with the machinery and equipment and related property described in Exhibit A to the Agreement so as more precisely to identify the same or to substitute or add additional machinery and equipment and related property acquired in accordance with the Agreement, (iv) in connection with any other change therein which, in the judgment of the Trustee, is not materially adverse to the holders or owners of the Bonds.

Section 1302. AMENDMENTS, ETC., TO AGREEMENT REQUIRING CONSENT OF BONDHOLDERS. Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the Department nor the Trustee shall consent to any other amendments, change or modification of the Agreement without publication of notice and the written approval or consent of the holders and owners of not less than two-thirds in aggregate principal amount of the Bonds at the time outstanding given, procured and established as in Section 1202 provided. If at any time the Department and the Company shall request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all bondholders.

Section 1303. AMENDMENTS TO GUARANTY. Without the consent of or notice to the holder or owner of the Bond, the Guarantor and the Trustee may amend, change or modify the Guaranty to cure any ambiguity or formal defect or omission to make other changes therein that do not adversely affect the Trustee or the owner or holder of the Bond. The Trustee and the Guarantor may not otherwise amend, change or modify the Guaranty without notice to and the written approval or consent of the holders of not less than two-thirds (2/3's) in aggregate principal amount of the Bond then outstanding given and procured as provided in Section 1202 hereof.

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ARTICLE XIV
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Section 1401. CONSENTS, ETC., OF BONDHOLDERS. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of the holding by any person of Bonds or coupons transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds or coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Bonds have been deposited with a bank, bankers or trust company, before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

(c) The ownership of Bonds registered otherwise than to bearer and the amount or amounts, numbers and other identification of such Bonds, and the date of holding of the same shall be proved by the registry books.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the holder of such Bond until the Trustee shall have received notice in writing to the contrary.

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Section 1402. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the owners of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and the owners of the Bonds as herein provided.

Section 1403. SEVERABILITY. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 1404. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows: if to the Department, to Director, Division of Economic Development, 630 State College Road, Dover, Delaware, 19901; if to the Trustee, to 300 Delaware Avenue, Attention: Corporate Trust Department; and if to the Company Standard Chlorine of Delaware, Inc., Delaware City, Delaware 19706 Attention: Pasquale F. Romano. A duplicate copy of each notice required to be given hereunder by either the Department or the Trustee to the other shall also be given to the Company, and a duplicate copy of each notice required to be given hereunder by the Trustee to either the Department or Company shall be given to the other. The Department, the Company and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

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Section 1405. TRUSTEE AS PAYING AGENT AND BOND REGISTRAR. The Trustee is hereby designated and agrees to act as paying agent and Bond Registrar for and in respect to the Bond.

Section 1406. PAYMENTS DUE ON SUNDAYS AND HOLIDAYS. In any case where the date of maturity of interest on or principal of the Bond or the date fixed for redemption of any Bond shall be in The State of Delaware, a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 1407. COUNTERPARTS. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1408. CAPTIONS. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

Section 1409. LAW GOVERNING CONSTRUCTION OF INDENTURE AND BOND. This Indenture and the Bond are prepared and entered into with the intention that the law of The State of Delaware shall govern their construction.

IN WITNESS WHEREOF, Department of Community Affairs and Economic Development has caused these presents to be signed in its name and behalf by its Secretary and its official seal to be hereunto affixed and attested by the Special Counsel to the Department and to evidence its acceptance of the trusts hereby created, the Trustee has caused

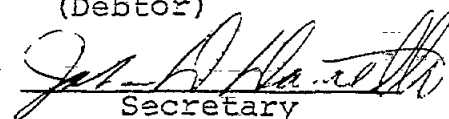
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these presents to be signed in its name and behalf by one of its Trust Officers, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Secretaries.

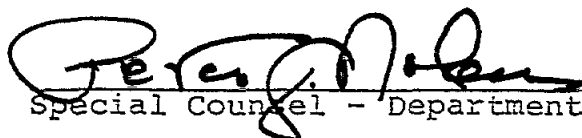
DEPARTMENT OF COMMUNITY
AFFAIRS AND ECONOMIC
DEVELOPMENT
(Debtor)

By


Secretary

(SEAL)

ATTEST:


Special Counsel - Department

BANK OF DELAWARE
(Secured Party)

By


Trust Officer

(SEAL)

ATTEST:


Assistant Secretary

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THE STATE OF DELAWARE)

: SS.:

KENT COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, do hereby certify that JOHN D. DANIELLO whose name as Secretary of DEPARTMENT OF COMMUNITY AFFAIRS AND ECONOMIC DEVELOPMENT, acting as a public agency of The State of Delaware, is signed to the foregoing Indenture of Trust, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of said Indenture of Trust he, as such officer and with full authority, executed the same voluntarily for and as the act of said Department.

Given under my hand and seal of office this 29th
day of October 1976.

(SEAL)

My commission expires

Ruth Rusk
June 2, 1979

THE STATE OF DELAWARE)

: SS.:

NEW CASTLE COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, do hereby certify that R. W. Whipple whose name as Trust Officer of BANK OF DELAWARE, a state banking corporation, is signed to the foregoing Indenture of Trust, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of the said Indenture of Trust, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Bank.

Given under my hand and seal of office this 1st
day of November 1976.

(SEAL)

My commission expires

Barbara A. Jenkins
9/15/79

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DESCRIPTION OF WASTE WATER TREATMENT FACILITY

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The Waste Water Facility presently being built by Standard Chlorine of Delaware, Inc., is made necessary in order for Standard Chlorine of Delaware, Inc., to comply with the limits of contaminants required by its NPDES permit.

There are three main areas of control that the new system is intended for.

A. Reduce organic contaminants that presently vary from 40 to 125 ppm down to the limit of 2.5 mg/l.

B. Reduce the iron content of the effluent to the prescribed limit.

C. Control of ph.

Overall, the new system will operate as follows:

1. Water must be used to extract iron from the organic reaction mass and to neutralize said organic mass. This happens in both the Main Plant and in the Nitrochlorobenzene Plant.

2. The water thus used will go the Haveg Stripping Columns (one for the main Plant and one for the Nitrochlorobenzene Plant). These columns will remove the bulk of any dissolved organics and bring the organic content to somewhere below 10 mg/l.

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3. Both streams, that is, the Main Plant and the Nitrochlorobenzene Plant, (Direct Contact Process Water Streams), will then go to a dual pH adjustment Contact Tank where the water will be treated with caustic in order to adjust the pH and, at the same time, precipitate out the dissolved iron.

4. From the pH system, the water will then go to a 400,000 gallon Blending and Air Stripping Tank, provided it has been properly neutralized. If it has not been properly neutralized, it will be diverted to a 100,000 gallon Emergency Neutralization Tank where it will be independently neutralized and then sent to the 400,000 gallon Blending and Air Stripping Tank.

5. In the meantime, all Non-Process Water, that is Storm Drainage or wash water Spills of any kind from the two process areas, go to existing catch basins and from there to a Spill and Storm Water Retention Tanks provided they are within the proper pH limit. If they are not, they are sent to the Emergency Neutralization Tank for treatment.

6. The water from the Spill and Storm Water Retention Tank then goes to the 400,000 gallon Blending and Air Stripping Tank provided it does not contain organic contaminants. If any contaminants are present, this stream is diverted to the Haveg columns and will be treated in the same matter as the process water flow.

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7. The water in the 400,000 gallon tank is continually aerated to strip off additional organics and is continuously pumped to a 100,000/^{gallon} Flow Equalization Tank where it is further airstripped so that the organic content will eventually get down to the prescribed limit.

8. From the Flow Equalization Tank the water is next sent to a Clarifier Thickener where the iron is allowed to settle to the bottom and where clear overflow water is allowed to go to the sewer while the bottom sludge is sent to a 10,000 gallon Sludge Storage and Decanting Tank.

9. From there, the Sludge goes to a DCG Sludge Concentrator.

10. From the Sludge Concentrator, the solids will be removed and trucked to land fill while any water removed from the sludge will go back to the Flow Equalization Tank.

11. Boiler and cooling tower blowdown water can be sent either to the 400,000 gallon Blending and Air Stripping Tank or directly to the sewer.

12. Septic tank overflow can be diverted to any one of the areas described depending on its quality.

~~13. Neutralization system in Main Plant.~~

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EXHIBIT B

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STANDARD CHLORINE OF DELAWARE, INC.

Description of Real Estate

1. 6.873 acre parcel of land situate on Governor Lea Road, Delaware City, Delaware, and more particularly described in deed dated February 7, 1974, from Diamond Shamrock Corporation to Standard Chlorine of Delaware, recorded in the office of the Recorder of Deeds of New Castle County, Delaware, in Deed Record W, Volume 88, Page 82.
2. 1.003 acre parcel of land situate on Governor Lea Road, Delaware City, Delaware, and more particularly described in deed dated December 4, 1970, from Standard Chlorine of Delaware, Inc. to Department of Community Affairs and Economic Development of the State of Delaware, recorded in the office of the Recorder of Deeds of New Castle County, Delaware, in Deed Record I, Volume 84, Page 273.
3. 1.359, 0.3579 and 0.7822 acre parcels of land situate in Red Lion Hundred, Delaware, and more particularly described in deed dated December 1, 1966, from Diamond Alkalai Company to Delaware Industrial Building Commission, recorded in the office of the Recorder of Deeds of New Castle County, Delaware, in Deed Record C, Volume 78, Page 698.
4. 5.330 acre parcel of land situate on Governor Lea Road, Delaware City, Delaware, and more particularly described in deed dated June 1, 1965, from Diamond Alkalai Company to Delaware Industrial Development Corporation No. 2, recorded in the office of the Recorder of Deeds of New Castle County, Delaware, in Deed Record B, Volume 75, Page 65.

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LOAN AGREEMENT

BETWEEN

THE DELAWARE ECONOMIC DEVELOPMENT AUTHORITY

and

STANDARD CHLORINE OF DELAWARE, INC.

Dated December 21, 1984

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Loan Agreement
Between
The Delaware Economic Development Authority
and
Standard Chlorine of Delaware, Inc.

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THIS LOAN AGREEMENT dated December 21, 1984 (the Loan Agreement) between The Delaware Economic Development Authority (the Authority), a body corporate and politic constituting an instrumentality of the State of Delaware (the State), and Standard Chlorine of Delaware, Inc., a Delaware corporation (the Borrower).

WITNESSETH:

WHEREAS, Chapter 50, Subchapter IV, Title 29 of the Delaware Code (the Act) declares that the General Assembly of the State has determined that the availability of financial assistance and suitable facilities are important inducements to industrial, commercial and agricultural businesses to locate, remain and expand in the State, which will result in increased employment opportunities in the State; and

WHEREAS, the Authority, to accomplish the purposes of the Act, is empowered to make loans to any "Assisted Person" (as defined in the Act) for the costs of any project with respect to which the Authority has adopted a resolution, which includes the acquisition, construction, installation and financing of structures, facilities, equipment, real estate and appurtenant facilities for industrial, commercial and agricultural businesses, which loans may be secured or evidenced by notes, indentures, bonds, mortgages, leases or other instruments, delivered to the Authority or to a trustee or other person as assignee of the Authority, all upon such terms and conditions as the Authority shall deem reasonable; and

WHEREAS, the Borrower has applied to the Authority for financial assistance in an aggregate principal amount not to exceed \$8,900,000 to finance in part a project consisting of the construction of a research and development building, an employee change house, and the acquisition of new machinery and equipment for new product research and development purposes, at the Borrower's facility located on Governor Lea Road near Delaware City, New Castle County, Delaware (the Project); and

WHEREAS, the Authority has authorized the issuance of its Industrial Development Revenue Bond (Standard Chlorine Project), Series 1984 in a principal amount not to exceed \$8,900,000 (the Bond) and has entered into a Bank Loan Agreement of even date (the Bank Agreement) with Fidelity Bank, N.A., Philadelphia, Pennsylvania (the Bank) providing for the purchase of the Bond by the Bank and for the proceeds of the Bond to be loaned by the Authority to the Borrower to finance a part of the costs of the Project; and

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WHEREAS, the Borrower will execute and deliver to the Authority its note to evidence the loan made hereunder (the Note); and

WHEREAS, in order to provide a source of payment and security for the Bond, which is a special obligation of the Authority payable only from payments under and proceeds of the Loan Agreement, the Note and the Guaranty, as defined below, the Authority will execute and deliver to the Bank an assignment (the Assignment) of the Authority's rights and benefits under this Loan Agreement, except for the Reserved Rights, and the Note; and

WHEREAS, to induce the Bank to purchase the Bond, Standard Chlorine Chemical Co., Inc., a New Jersey corporation (the "Guarantor") is executing and delivering to the Bank a Guaranty Agreement of even date herewith (the "Guaranty"), guaranteeing the obligations of the Authority under the Bond and Bank Agreement and of the Borrower under the Note and this Loan Agreement; and

WHEREAS, the execution and delivery of this Loan Agreement has been duly authorized by the parties and all conditions, acts and things necessary and required by the Constitution or statutes of the State or otherwise to exist, to have happened, or to have been performed precedent to or in the execution and delivery of this Loan Agreement do exist, have happened and have been performed in regular form, time and manner.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and representations hereinafter contained, and intending to be legally bound, the parties hereby mutually agree as follows:

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ARTICLE I

DEFINITIONS

Section 1.1. Terms Defined in Recitals. The following terms defined in the recitals to this Loan Agreement shall have the meanings therein set forth:

Act
Assignment
Authority
Bank
Bank Agreement
Bond
Borrower
Guarantor
Guaranty
Loan Agreement
Note
Project
State

Section 1.2. Other Definitions. As used in this Loan Agreement, unless the context clearly requires otherwise:

Authority Loan means the loan made by the Authority to the Borrower pursuant to this Loan Agreement in the maximum principal amount of \$8,900,000 to be used to finance part of the costs of the Project.

Costs means costs as defined in the Act as in effect on the date hereof.

Eligible Costs means Costs that are (i) issuance costs, including legal fees, Authority fees, trustees' or escrow agents' fees, the Bank's origination fee, printing expenses and other expenses of the financing, or (ii) for the acquisition, construction, installation or renovation of land or property of a character subject to allowance for depreciation under the Internal Revenue Code of 1954, as amended, and the regulations thereunder (the Code), if the expenditures are paid for or incurred on or after August 16, 1984; provided, however, that expenditures or disbursements not included in Clause (ii) above shall be "Eligible Costs" for which Bond proceeds may be expended if the aggregate amount thereof paid from such proceeds does not exceed ten percent (10%) of the total amount expended or disbursed for all costs described in Clause (ii) above.

Escrow Agent means the escrow agent created by the Escrow Agreement.

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Escrow Agreement means an escrow agreement of even date herewith by and between Authority, Escrow Agent, Bank and Borrower.

Event of Taxability means an Event of Taxability as defined in the Bond.

Reserved Rights means the following rights of the Authority under this Loan Agreement which are reserved by the Authority:

- (a) To enforce the Borrower's obligations to operate the Project as an authorized Project (Section 5.1(b));
- (b) To enforce the Borrower's compliance with respect to the Code (Section 5.4);
- (c) To inspect the Project and the Borrower's books and records and accounts relating to the Project (Section 5.5);
- (d) To receive annual and other financial statements (Section 5.6);
- (e) To the payment of the Authority's financing fee, administrative expenses, reasonable attorneys' fees and expenses any of which are payable in connection with the issuance of the Bond and Note (Section 5.7);
- (f) To indemnification of the Authority and its members, employees, officers, directors, officials, attorneys and control persons. (Section 5.8);
- (g) To enforce the restriction on the Borrower's right to sell, etc. (Section 5.13(c));
- (h) To obtain reimbursement of advances and costs made by the Authority and not the Bank (Section 5.11);
- (i) To inspect and make copies of the Borrower's books, records and accounts (Section 5.5);
- (j) To enforce the restriction on transfers of interests in the Borrower (Section 5.15(b));
- (k) To public liability insurance coverage for the Authority (Section 6.2);
- (l) To require instruments of further assurance (Section 8.5(b));

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(m) To the payment of all attorneys' fees and expenses of the Authority in the event of default by the Borrower (Section 7.7);

(n) To agree, or not to agree, to any amendments, modifications or supplements to this Loan Agreement which would impose additional obligations or duties upon the Authority;

(o) To receive all notices required to be given to the Authority under this Loan Agreement;

(p) To enforce the Bank's obligations as registrar; and

(q) All rights and remedies with respect to the foregoing rights.

Notwithstanding the foregoing, or anything to the contrary contained herein, the reservation of certain rights by the Authority hereunder shall not authorize the Authority to accelerate payment of the Note, to collect payments made under the Note or to apply such payments to amounts owed by the Borrower to the Authority.

Upon the assignment as contemplated hereby, the Bank may enforce each and every right of the Authority hereunder, except the Reserved Rights, and under the Note as though the term Authority means Bank, provided, however, that the Bank shall not be deemed to have assumed the obligations of the Authority. With respect to the Reserved Rights, the Bank shall have such rights as are expressly granted to it, the Bank being a third party beneficiary of this Loan Agreement.

Upon the assignment of the rights, except the Reserved Rights, of the Authority hereunder, the Bank and the Authority shall each have the benefit of and the right to enforce, jointly or severally, the rights enumerated in clauses (b), (c), (d), (i), (o) and (q). The Borrower and the Authority confirm that notwithstanding the exclusions of the "Reserved Rights" from the assignment by the Authority to the Bank, the Bank shall have by virtue of such assignment the benefit of and the right to enforce the rights enumerated in such clauses.

All definitions of documents herein include all amendments, modifications and supplements thereto. All definitions of persons or entities herein include their respective successors and assigns.

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ARTICLE II

THE AUTHORITY LOAN

Section 2.1. The Authority Loan and Borrower's Note.

The Authority agrees, upon the terms and subject to the conditions hereinafter set forth and upon the terms and conditions in the Bank Agreement, to make the Authority Loan to the Borrower. The Authority Loan shall be evidenced by the Borrower's Note, shall be repaid as provided for in the Note and shall bear interest, mature, be subject to redemption or prepayment and conform in all other respects to the terms set forth or incorporated in the Note.

The Authority's obligation to advance funds to Borrower hereunder shall be subject to receipt of the following, each in form and substance satisfactory to the Authority, the Note, opinions of Borrower's legal counsel and certified resolutions evidencing necessary or appropriate action required to execute this Agreement and carry out the transactions contemplated by this Agreement and all other documents as may reasonably be requested by other parties to said transactions.

Section 2.2. [Section 2.2 intentionally omitted.]

Section 2.3. Assignment of Authority Loan to Bank - Loan Payments. The Authority hereby notifies the Borrower and the Borrower acknowledges that all of the Authority's rights and benefits in this Loan Agreement, except for the Reserved Rights, and in the Note are being assigned and transferred to the Bank to provide a source of payment of all interest and principal owing by the Authority to the Bank pursuant to the terms of the Bond. The Borrower hereby consents to the Assignment, acknowledges that the Bank has purchased the Bond in reliance upon the Assignment and agrees that the Bank, as assignee of the Authority, shall have the right to enforce all of the covenants, agreements, duties and obligations of the Borrower contained herein or in the Note and other collateral for the Authority Loan. The Authority hereby directs the Borrower to make all payments under the Authority Loan to the Bank instead of to the Authority and the Borrower hereby agrees to do so. All such payments shall be made in immediately available funds in lawful money of the United States of America directly to the Bank, as assignee of the Authority, at the Bank's offices at Broad and Walnut Streets, Philadelphia, Pennsylvania, or such other location as may be specified by the Bank. The Borrower further acknowledges that except for the obligation of the Bank to credit amounts paid or recovered from the Authority Loan or the collateral therefor to the Authority's debt evidenced by the Bond, the Authority has no further interest in the Authority Loan, and the Bank may grant extensions, forgivenesses, make amendments, release collateral and otherwise deal

with the Borrower as the sole owner of the Authority Loan, except for the Reserved Rights, and the Bank may start and prosecute suit on the Note or the Guaranty or otherwise take action to recover amounts owing under the Authority Loan without first obtaining the consent of the Authority and without joining the Authority as a plaintiff. If the Authority becomes entitled to any credits or refunds under the Bond or Bank Agreement, the same shall be credited or refunded to the Borrower under the Authority Loan.

Section 2.4. Prepayment. The Borrower shall have the right to prepay the Authority Loan to the same extent and on the same terms and conditions as the Authority has the right to prepay the Bond. In the event of damage, destruction or condemnation of all or any part of the Project, Borrower shall prepay the Authority Loan in accordance with Section 6.5 hereof. The Authority covenants that upon receipt of any prepayment under the Note, it will simultaneously make prepayment in an equal amount on the Bond.

Section 2.5. Additional Amounts Payable by Borrower. It is the intention of the Authority and the Borrower that, notwithstanding any other provision of this Loan Agreement, the Authority shall be entitled to receive funds from the Borrower at such times and in such amounts as will enable the Authority to meet all of its obligations under the Bond and Bank Agreement, including any obligations surviving the Bond's payment, and including amounts due upon the occurrence of an Event of Taxability or on an acceleration of the Bond's maturity pursuant to the terms thereof. Accordingly, the Borrower agrees (but such agreement shall not limit the generality of the preceding sentence) that if any additional amounts become payable by the Authority to the registered owner of the Bond pursuant to the terms thereof or the terms of the Bank Agreement, then additional amounts shall be due and payable by the Borrower to the Authority hereunder equal to any additional amounts that may be so payable by the Authority, before or after payment of principal on the Bond and Authority Loan hereunder, all of which amounts shall be paid by the Borrower on the date that the comparable amounts are due by the Authority to the Bank under the Bond or Bank Agreement. The Borrower further agrees to pay all costs of maintenance and repair, all taxes and assessments, insurance premiums and other costs and expenses concerning or in any way related to ownership, maintenance and use of the Project, or any part thereof, during the term of this Loan Agreement or any renewal thereof.

Section 2.6. Payments Unconditional; No Defense or Set-Off. The obligations of the Borrower to pay the principal of and interest on the Authority Loan and all other amounts payable hereunder shall be absolute and unconditional without defense or set-off by reason of any default by the Authority under this Loan

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Agreement or under any other agreement between the Borrower and the Authority or for any other reason, including, without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose or failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, it being the intention of the parties that all Authority Loan payments and other amounts will be paid in full when due without any delay and will be received by the Authority and the Bank as a net sum without deductions, abatements, diminution or set-off of any kind whatsoever. Whenever any payment to be made hereunder shall be stated to be due on a Saturday, Sunday or a public holiday under the laws of the Commonwealth of Pennsylvania, such payment may be made on the next succeeding business day, provided however that such extension of time shall be included in the computation of interest due in conjunction with such payment or other fees due hereunder, as the case may be.

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ARTICLE III

CONSTRUCTION OF PROJECT -
APPLICATION OF LOAN PROCEEDS

Section 3.1. Construction of Project - Bank Agreement - Payment of Project Costs. The Borrower will pay a portion of the costs of the construction of the Project from the proceeds of the Authority Loan. The Authority has authorized the issuance of the Bond to evidence its indebtedness arising under the Bank Agreement for the purpose of financing a portion of the costs of the Project. The advance made by the Bank into the Escrow Account as provided in Section 2.1 of the Bank Agreement shall be deemed the advance of the Bond proceeds to and for the account of the Authority and also the advance of the Authority Loan proceeds hereunder on behalf of the Authority to and for the account of the Borrower. The Borrower covenants that all Bond proceeds shall be expended and disbursed for Eligible Costs only. The Borrower expressly acknowledges receipt of a copy of the Bank Agreement, assumes all obligations of the Authority thereunder and agrees to pay all amounts and perform all of the obligations of the Authority under the Bank Agreement so that at all times there shall be no default thereunder. Neither the Authority nor the Bank shall have any obligation and neither makes any warranties respecting the condition or operation of the Project.

Section 3.2. Governmental Approvals. The Borrower covenants that it will obtain or cause to be obtained all necessary approvals from any and all governmental agencies requisite to the construction and operation of the Project, and that the Project will be constructed and operated in compliance with all federal, state and local laws, ordinances and regulations applicable thereto. The Borrower will obtain or cause to be obtained all required occupancy permits and licenses from appropriate authorities authorizing the occupancy and use of the Project for the purposes contemplated by the Borrower.

Section 3.3. Borrower to Pay Balance of Costs of Project. If the Authority Loan proceeds available for payment of the costs of the Project are not sufficient to pay all costs in full, the Borrower agrees to construct the Project and to pay all costs of the Project in excess of the Authority Loan proceeds available therefor. No warranty, either express or implied, is made by the Authority or the Bank that the Authority Loan proceeds available for payment of the costs of the Project will be sufficient to pay all of such costs.

Section 3.4. Completion of Project. The Borrower shall complete the construction of the Project on or before December 17, 1987 and in accordance with the approved plans and specifications (and modifications, if any, of plans and specifications) 88200254

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cations, to which the Bank consents in writing). Completion shall be evidenced by a written certificate of the Borrower and of an architect or engineer registered or licensed in the State that the construction of the Project has been completed in accordance with the plans and specifications approved by the Bank, signed by an authorized representative of the Borrower and by the architect or engineer, accompanied by such additional certificates and submissions as required by the Bank Agreement and filed with the Bank. Such certificate shall state that, as of the date thereof, except for amounts retained or to be escrowed for any costs of construction not then due and payable, or for any costs which, if due and payable, have not then been paid (a) the construction has been completed, (b) all labor, services, materials and supplies used in the construction have been paid for, and (c) the personal property necessary for the Project has been installed to the Borrower's satisfaction and is suitable and sufficient for the efficient operation of the Project for the intended purposes and all costs and expenses incurred in the acquisition and installation of such property have been paid. Notwithstanding the foregoing such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate of which may subsequently come into being.

As provided in Article II of the Bank Agreement, any Authority Loan proceeds not required for costs of the construction of the Project shall be applied as a prepayment of the principal amount of the Bond and of the Authority Loan and Note.

Section 3.5. Borrower Bound by Bank Agreement. Borrower is in all respects bound by the Bank Agreement and the Escrow Agreement and acknowledges that it may not make draws other than in conformity therewith.

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ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BORROWER

The Borrower represents and warrants to the Authority and the Bank that:

Section 4.1. Organization and Powers. The Borrower (a) is a corporation duly organized and validly existing under the laws of Delaware, (b) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (c) has the power to execute and perform all the undertakings of this Loan Agreement, to borrow hereunder and to execute, deliver and perform under the Note and other documents required hereby.

Section 4.2. Execution of Documents. The execution and performance of this Loan Agreement, the Note and other instruments required pursuant to this Loan Agreement by the Borrower (a) have been duly authorized by all necessary corporate action of the Borrower, (b) will not violate or conflict with any provision of law, rule or regulations, any order of any court or other agency of government or any provision of the Borrower's charter and by-laws, (c) is not prevented, limited by or in conflict with, and will not result in a breach of or default under, any indenture, agreement or other instrument to which the Borrower is a party or by which it or any of its property is bound, and (d) will not result in the creation or imposition of any charge or encumbrance of any nature, other than the liens created pursuant to this Loan Agreement.

Section 4.3. Title to Project. The Borrower has fee simple and marketable title to the Project and the property on which the Project is located, free and clear of liens and encumbrances other than easements, restrictions and interests as will not interfere with either the Borrower's contemplated use of the Project or the value of the Project.

Section 4.4. Litigation. There is no action, suit, or proceeding at law or in equity or rule making proceeding by or before any court, governmental instrumentality or other agency now pending, or, to the knowledge of the Borrower, threatened against or affecting it or any of its properties or rights, wherein an unfavorable decision, ruling or finding would materially impair its right to carry on its business substantially as now conducted or would materially adversely affect its financial condition or ability to carry out its obligations hereunder, or the validity or enforceability of this Loan Agreement or the Note, except as set out in the letter of Borrower dated December 3, 1984.

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Section 4.5. Operation of Project. The operation of the Project in the manner presently contemplated and as described herein will not conflict with any zoning, water, air pollution, occupational safety or other ordinance, order, law or regulation applicable thereto. The Project has been designed in accordance with all federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety, and environmental quality. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of this Loan Agreement or the performance of the Borrower's obligations hereunder have been obtained.

Section 4.6. Concerning the Application to Authority. All information contained in the application of the Borrower to the Authority dated June 22, 1984, as supplemented or amended in writing as described on Exhibit A attached hereto (the Application) is correct and accurate on the date hereof in all material respects, and no information has been omitted from the Application which would make the Application misleading in any material respect. The representations made in said Application are incorporated into this Loan Agreement as if fully set forth herein.

Section 4.7. No Material Adverse Change. There has been no material adverse change in the financial condition of the Borrower from the date of the Application or the latest date of the financial statements of the Borrower or the Guarantor submitted to the Bank.

Section 4.8. Important Inducement. The availability of the financial assistance by the Authority as provided herein has been an important inducement to the Borrower to undertake the Project.

Section 4.9. Outstanding Industrial Revenue Bonds. Other than the Bond, there are outstanding industrial revenue bonds, the balance of which on the date hereof is \$945,000, the proceeds of which have been used with respect to facilities, a principal user or users of which are or will be the Borrower, any lessees of the Project who are also principal users of the Project or any related person or persons as defined in Section 103(b)(6)(C) of the Code and which are or will be wholly or partially located in New Castle County, Delaware. No other capital expenditures have been made by the Borrower or any principal user or any related person or persons in New Castle County, Delaware, which would cause the Borrower to exceed the limitations set forth in Section 103(b)(6)(D) of the Code.

Section 4.10. No Untrue Statements. Neither the Loan Agreement, the Application, the Guaranty, nor any other document, certificate or statement furnished to the Bank or the Authority

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by or on behalf of the Borrower contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not materially misleading or materially incomplete. It is specifically understood by the Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Authority as an inducement to make the Authority Loan, and by the Bank as an inducement to purchase the Bond, and that if any such statement, representation or warranty were materially false at the time such was made, the Authority or the Bank may, in their sole discretion, consider any such misrepresentation an Event of Default hereunder.

Section 4.11. Tax Status of Bond. The Borrower has not taken and will not take any action and knows of no action that any other person, firm or corporation has taken or intends to take, which would cause interest on the Bond to be includable in the gross income of the recipients thereof for federal income tax purposes, or which would otherwise cause an Event of Taxability to occur.

Section 4.12. Principal User. No person or entity other than the Borrower and has any ownership, leasehold or other interest in the Project or Project site or any property included in the Project which would cause any such person or entity to be considered a "principal user" of such facilities within the meaning of Section 103(b) (6) of the Code.

Section 4.13. Miscellaneous Representations and Warranties by Borrower. The Borrower further represents and warrants that:

A. The Borrower has not been convicted of a major labor law violation or of illegal conduct involving moral turpitude by any agency or court during the period beginning two (2) years prior to the approval of the Application and ending on the effective date of this Loan Agreement.

B. Substantially all (at least ninety percent (90%)) of the proceeds of the Bond, after deducting expenses of issuing the Bond, is to be used for construction of buildings and the acquisition of machinery and equipment of a character subject to the allowance for depreciation within the meaning of Section 103(b) (6) (A) of the Code.

C. The weighted average maturity of the principal payments on the Bond will not exceed one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities being financed with the proceeds of the Bond.

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D. The Borrower has provided to the Authority and the Bank a statement providing (i) a general description of each asset to be financed with the proceeds of the Bond, (ii) the reasonably expected economic life of each such asset determined in accordance with Section 103(b)(14) of the Code, and (iii) the cost recovery class of each such asset under Section 168(c)(2) of the Code. Such statement was true and correct when made and is true and correct on the date hereof.

E. This Agreement and the Note are legal, valid and binding insofar as the Borrower is concerned and are enforceable in accordance with their respective terms.

F. The Project will require a capital investment of at least \$50,000, which funds, including the proceeds of the Bond, will be available or expended on the date the Authority issues the Bond.

Section 4.14. Commencement of Construction. Construction of the Project will commence on or before March 1, 1985.

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ARTICLE V

COVENANTS OF BORROWER

The Borrower covenants and agrees, so long as the Loan Agreement shall remain in effect or the Authority Loan shall be outstanding, as follows:

Section 5.1. Operation of Project.

(a) The Borrower will at all times cause to be preserved and protected the Project and maintain the Project site in good repair, working order and safe condition, and from time to time will make, or will cause to be made, all needed and proper repairs, renewals, replacements, betterments and improvements thereto including those required after a casualty loss. The Borrower shall pay all operating costs, utility charges and other costs and expenses arising out of the ownership, possession, use or operation of the Project. The Authority shall have no obligation and makes no warranties respecting the condition or operation of the Project.

(b) The Borrower shall operate the Project as an authorized project pursuant to the Act.

Section 5.2. Concerning the Project - Compliance with

Laws.

(a) The Borrower shall operate or cause the Project to be operated as an authorized project for a purpose and use as provided for under the Act.

(b) The Borrower will comply in good faith with all laws, ordinances and regulations, including without limitation, all building, zoning and environmental laws, ordinances and regulations of any duly constituted authority which hereafter in any manner may affect the Project or the use thereof. The Borrower shall have the right in good faith to contest or appeal from such laws, ordinances and regulations and any decision adverse to the Borrower based thereon, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Borrower.

(c) The Borrower shall not take any action nor permit the taking of any action by any other person, firm or corporation which would cause interest on the Bond to be included in the gross income of the recipi-

ents thereof for federal income tax purposes or would otherwise cause an Event of Taxability to occur.

Section 5.3. Payment of Taxes and Other Charges.

(a) The Borrower will pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or in respect of the Project site before the same shall become in default, as well as all lawful claims which, if unpaid, might become a lien or charge upon the Project or Project site or any part thereof.

(b) The Borrower may, at its own expense and in its own name, in good faith contest or appeal any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, unless by such action its title to any part of the Project or Project site shall be materially endangered or the Project or Project site or any part thereof shall become subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith by the Borrower.

(c) The Borrower will not use as a basis for contesting any assessment or levy of any tax this financing or the issuance of the Bond by the Authority and, if any administrative body or court of competent jurisdiction shall hold for any reason that the Project is exempt from taxation by reason of this financing or the issuance of the Bond by the Authority or other Authority action in respect thereto, the Borrower covenants to make payments in lieu of all such taxes in an amount equal to such taxes and, if applicable, interest and penalties.

Section 5.4. Compliance with Code. The Borrower shall at all times do and perform and cause others to do and perform all acts and things necessary in order to assure that interest paid on the Bond shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation, including, but not limited to compliance with Section 103(b)(6)(D)(ii) of the Code and regulations thereunder except in the event that such recipient is a "substantial user" of the Project or "related person" within the meaning of Section 103(b) of the Code, and otherwise to assure that no Event of Taxability occurs.

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The Borrower covenants that it shall not permit and the Authority covenants that it shall not knowingly permit at any time or times any of the proceeds of the Bond to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bond to be an "arbitrage bond" for the purposes of Section 103(c) of the Code and the regulations promulgated thereunder.

Section 5.5. Inspections of Project. The Borrower agrees that the Authority and the Bank and its duly authorized representatives shall have the right at all reasonable times to enter upon and to examine and inspect the Project and shall also be permitted, at all reasonable times, to examine the books and records of the Borrower insofar as they relate to the Project.

Section 5.6. Financial Statements. The Borrower shall furnish, to the Bank and Authority without cost or expense to the Bank or the Authority, the Borrower's financial statements within sixty (60) days of each calendar quarter and an audited financial statement within ninety (90) days of the fiscal year end.

Section 5.7. Costs and Expenses. All expenses in connection with the preparation, execution, delivery, recording and filing of this Loan Agreement, the Note and other collateral documents and in connection with the preparation, issuance and delivery of the Bond, the Authority's financing fee (\$44,500.00), its usual fees in connection with the continuing administration of the loan (currently \$35 per hour and reasonably expected to amount to, in the aggregate, \$400 per year until the loan is repaid beginning one year from the date hereof and on the anniversaries thereof), expenses incurred in issuing additional Bonds reasonable fees and expenses of special counsel to the Authority incurred in connection with the continuing administration of the loan, the fees and expenses of Saul, Ewing, Remick & Saul, Bond Counsel, the fees and expenses of Richards, Layton & Finger, Special Counsel to the Authority, the fees and expenses of the Bank, and the fees and expenses of its counsel, the \$89,000 Origination Fee payable to the Bank on January 4, 1985 and all customary administration fees for Bank's activities as Escrow Agent under the Escrow Agreement shall be paid by the Borrower out of the proceeds of the Authority Loan as costs of the Project or directly by the Borrower.

Section 5.8. Indemnification. The Borrower agrees to indemnify and hold harmless the Bank, the Authority, the Council on Development Finance, the Delaware Development Office, the Transfer Agent, as defined in the Bank Agreement, any person who "controls" the Bank, the Transfer Agent, the Council on Development Finance, the Delaware Development Office or the Authority within the meaning of Section 15 of the Securities Act of 1933, as amended, any member, officer, official, employee, and attorney

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for the Authority, the Council on Development Finance, the Delaware Development Office, the Transfer Agent or the Bank (collectively called the "Indemnified Parties") against any and all losses, claims, damages or liabilities caused by any untrue statement of a material fact contained in its Application or other information submitted to the Authority or to the Bank by the Borrower with respect to the issuance and purchase of the Bond or the Authority Loan, or caused by any omission of any material fact necessary to be stated therein in order to make such statements to the Authority or the Bank not materially misleading or incomplete.

In addition, the Borrower agrees that the Indemnified Parties shall not be liable for and covenants and agrees to protect, exonerate, defend, indemnify and save them harmless from and against any and all costs, damages or liabilities which may arise out of issuing the Bond or making the Authority Loan hereunder, and from any and all claims, damages, suits and actions by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from any act, failure to act, condition, happening or occurrence whatsoever with respect to the Project or the Project site or arising from any breach or default on the part of the Borrower in the performance of any covenant or agreement to be performed pursuant to the terms of this Loan Agreement, including but not limited to any covenant, condition or restriction now of record affecting the Project or Project site or arising from any act or negligence of the Borrower or any agents, contractors, servants, employees or licensees, performing work with respect to the Project or arising from any accident, injury or damage whatsoever, caused to any person, firm or corporation during the term of this Loan Agreement, in or about the Project or Project site or adjoining the same; and from and against all costs, counsel fees, expenses and liabilities incurred in or about the defense of any such claims or action or proceedings brought thereon.

In case any action shall be brought against one or more of the Indemnified Parties based upon any of the above and in respect of which indemnity may be sought against the Borrower, such Indemnified Parties shall promptly notify the Borrower in writing. The Indemnified Party shall have the right to continue the defense thereof, including the selection and employment of counsel. Borrower shall pay all expenses and costs of such defense. Borrower shall have the right to employ separate counsel in any such action. The Borrower shall be liable for any settlement of any such action or final judgment for the plaintiff in any such action, and agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

Section 5.9. No Liens or Mortgages. The Borrower

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shall not create, grant or permit any lien, encumbrance or security interest on the Project or the revenues therefrom without the prior written consent of the Bank, provided, however, if any such lien, encumbrance, security interest or charge is filed or asserted without the consent of the Borrower the Borrower shall, within fifteen (15) days after receipt of notice of the filing or the assertion thereof, cause the same to be discharged (and satisfied or released of record, if applicable), and shall during such period effectively prevent the enforcement or foreclosure thereof against the Project by contest, payment, deposit, bond, order of Court or otherwise.

Section 5.10. Advances by Authority or Bank. In the event the Borrower fails to take out or maintain the full insurance coverage required by this Loan Agreement, fails to pay the taxes and other charges required to be paid hereunder at or prior to the time they are required to be paid or fails to keep the Project and Project site in good order and repair and in safe condition or fails to perform any other obligation under this Loan Agreement, the Authority or the Bank, upon written notice to the Borrower, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same, pay such taxes or other charges or make such repairs, renewals and replacements as may be necessary to maintain the Project in good order and repair and in safe condition, and pay such other amounts as are necessary to perform the Borrower's obligations. All amounts so advanced therefor by the Authority or the Bank shall become an additional obligation of the Borrower to the Authority or to the Bank, as the case may be, which amounts, together with interest thereon at the rate from time to time applicable to the Note (as defined therein), the Borrower agrees to pay. Any remedy vested in the Authority or the Bank for the collection of Authority Loan payments hereunder shall also be available to the Authority and the Bank for the collection of all such amounts so advanced.

Section 5.11. Compliance With Plans and Specifications. With the exception of immaterial variations, the Project shall be constructed in complete accordance with the plans and specifications submitted to, and approved by, the Bank. No deviations or changes from the approved plans and specifications may be made without the prior written consent of the Bank.

Section 5.12. No Finder's Fee. The Borrower shall not pay or cause to be paid, without the express written consent of the Authority, any finder's fee, charge or compensation similar to a finder's fee to any person, corporation or partnership in connection with obtaining or arranging for this financing. The Borrower covenants that, except as disclosed in writing to the Authority, it has no knowledge of any person, corporation or partnership who or which claims to be entitled to a finder's fee,

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charge or compensation of a nature similar to a finder's fee in connection with this financing. This Section shall not apply to the Bank's origination fee or any fee paid to the Authority.

Section 5.13. Transfers.

(a) The Borrower shall not sell, lease, assign, convey or transfer all of the Project or any part of the Project, constituting 5% or more of the book value of the Project, or permit any material demolition, removal or structural alteration or addition to the Project without the prior written consent of the Bank.

(b) In no event shall the Borrower sell, lease, assign, convey or transfer all or any part of the Project if the effect of such sale, lease, assignment, conveyance or transfer would cause an Event of Taxability.

(c) The Borrower shall not sell, lease, assign, convey or transfer all of the Project or any Part of the Project constituting 5% or more of the book value of the Project or permit any material demolition, removal or structural alteration or addition to the Project unless the proposed transferee in the sole opinion of the Authority in the reasonable exercise of its discretion, qualifies as an "Assisted Person" under the Act and the Project, in the sole opinion of the Authority in the reasonable exercise of its discretion, as altered qualifies as an authorized project under the Act.

Section 5.14. Project Budget. The Borrower approves the Project Budget attached as Exhibit B to the Bank Agreement.

Section 5.15. Stock or Asset Transfer.

(a) The Borrower shall not sell, transfer or otherwise dispose of any of its own stock or a material portion of its assets (other than in the ordinary course of its business) without the prior written consent of the Bank.

(b) The Borrower shall not sell, transfer or otherwise dispose of any of its own stock or a material portion of its assets (other than in the ordinary course of business) unless the proposed transferee qualifies as an "Assisted Person" under this Act in the sole opinion of the Authority in the reasonable exercise of its discretion.

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Section 5.16. Notices. The Borrower shall deliver to the Authority and the Bank notice of the occurrence of any Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default under Section 7.1 hereof, immediately upon the occurrence of any such event.

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ARTICLE VI

INSURANCE REQUIREMENTS, DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1. Property Insurance Required. The Borrower agrees, at its sole cost and expense, to keep the Project, including all buildings, structures, improvements, machinery, equipment and personal property, insured at all times throughout the term of this Loan Agreement (including any period or periods of time during which any buildings, structures and improvements are in the course of remodeling or construction) and to furnish the following to the Authority and the Bank:

A. Policies of insurance against loss or damage by fire, lightning, windstorm, explosion, riot, riot attending a strike, civil commotion, damage from aircraft and vehicles, and smoke damage and loss or damage from such hazards as are presently included in so-called "extended coverage" and against vandalism and malicious mischief and against such other insurable hazards as, under good insurance practices, from time to time are insured by entities operating similar properties in the State. The amount of such insurance shall be as required by the Bank from time to time, but not greater than the larger of the two following amounts: (1) 100% of the "Full Replacement Cost" of the Project without deduction for depreciation but not less than the principal amount of the Note; or (2) an amount sufficient to prevent the Bank or the Borrower from becoming a co-insurer within the terms of the applicable policies. Each policy shall contain a "Replacement Cost Endorsement".

B. Flood Hazard Insurance or evidence that it is not required for the Project.

C. Such other insurance on the Project, or any replacements or substitutions therefor, or additions thereto, and in such amounts as may from time to time be required by the Bank against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height and type of buildings and improvements, their construction, location, use and occupancy.

The Borrower may effect for its own account any insurance not required under the provisions of this Loan Agreement, but any insurance effected on the Project whether or not required hereunder, shall be subject to all other provisions of this Article VI.

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All property insurance shall be subject to the approval of the Authority and the Bank as to insurance companies, amounts, content and form of policies and expiration dates, and shall contain no less than 80% co-insurance. Such policies shall provide for the payment of all costs and expenses incurred by the Bank in the event of any contested claim.

The Borrower will deliver the originals of all such policies (or certificates evidencing insurance if the policies are master policies) to the Bank and copies to the Authority, and, not less than thirty (30) days prior to the expiration date of each such policy, will deliver to the Bank a renewal policy or policies (or certificates evidencing insurance if the policies are master policies) marked "premium paid" or accompanied by other evidence of payment satisfactory to the Bank. The Borrower will not permit any condition to exist in the Project which would wholly or partially invalidate the insurance thereon.

Section 6.2. Liability Coverages Required. The Borrower, at its own cost and expense, will provide and keep in force during the term of this Loan Agreement, for the benefit of the Authority and the Bank and the Borrower as named insureds, comprehensive general liability insurance, covering at least the hazards of "premises-operation", "elevators" (if applicable) and "independent contractors" and "explosion" with minimum limits of liability with respect to bodily injury of \$1,000,000 for each person and \$1,000,000 for each occurrence and \$1,000,000 with respect to property damage. In addition, the Borrower, at its expense, shall provide or cause to be provided and keep in force whenever construction or major alterations to the Project are being performed, policies of contingent public liability protecting the Authority, the Bank and the Borrower, and shall provide to the Authority and the Bank certificates evidencing public liability and worker's compensation insurance covering any contractors engaged by the Borrower. Such contingent liability insurance shall be a public liability policy covering at least the hazards of all phases of the construction being performed by the Borrower or its contractors, the hazards arising from the possession of the Project and the hazards of any operations, being carried on by the Borrower on any part of the Project during the construction period.

The proceeds of all public liability insurance shall be applied to the payment of any judgment, settlement or liability incurred for risks covered by such insurance.

Section 6.3. General Insurance Provisions. All policies of insurance required under this Loan Agreement shall contain provisions complying with the requirements hereof and shall be issued by a nationally recognized, responsible insurance company, qualified to write such policies under the laws of the

state. The Borrower shall have the right to carry the insurance provided for in this Loan Agreement or any portion thereof under blanket policies, but certificates evidencing that the above-described insurance policies are in full force and effect, together with copies of the blanket policies, shall be supplied to the Authority and the Bank throughout the term of this Loan Agreement. All insurance as to form, amount and insurance company shall be satisfactory to the Authority and the Bank. All policies shall require that no less than thirty (30) business days written notice of cancellation or material change will be given to the Authority and the Bank. All cost of insurance shall be borne by the Borrower. Renewal policies, together with evidence of payment of premiums, shall be deposited with the Authority and the Bank at least thirty (30) business days before the expiration of the prior existing policies. All insurance is required commencing from the date hereof and is to be continued throughout the term of this Loan Agreement. The Borrower shall not violate or permit to be violated any of the conditions of the policies of insurance required to be maintained hereunder.

Section 6.4. Damage, Destruction, Condemnation - No Abatement of Payments. Damage to or destruction of all or any portion of the Project, by fire or any other cause, or taking of all or a portion of the Project by condemnation so as to prevent the continued use thereof shall not terminate this Loan Agreement or cause any abatement of or reduction in the payments to be made by the Borrower hereunder, or otherwise alter the obligations of the Borrower as set forth herein.

Section 6.5. Damage, Destruction or Condemnation - Obligations of Borrower. In the event of any loss or damage to the Project or the condemnation of any part of the Project, the Borrower shall give immediate written notice of such event to the Authority and the Bank. The proceeds of any insurance policies covering such damage or destruction and any award or settlement for such taking or condemnation shall be paid to the Bank, as the assignee of the Note, and shall immediately be applied as a prepayment of the Note and the Bond, unless the Bank elects otherwise. The Borrower shall be entitled to the balance of any insurance proceeds or balance of any condemnation award released by the Bank. The Borrower shall have the right to adjust losses with insurance companies and to settle or adjudicate claims resulting from condemnations. The Authority shall have no claim to any property insurance proceeds or condemnation awards released by the Bank nor any duty in connection with property insurance claims or condemnation proceedings.

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ARTICLES VII

DEFAULTS AND REMEDIES

Section 7.1. Events of Default. Any one or more of the following events shall constitute an event of default hereunder (an "Event of Default"):

(a) failure to pay when due and payable any installment of interest or principal on the indebtedness evidenced by the Note, or in the payment of any other sum which is payable under the Note or this Loan Agreement, as and when the same shall become due and payable; or

(b) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Authority to issue the Bond or to make the Authority Loan, or to induce the Bank to purchase such Bond, or made or furnished, at any time, in or pursuant to the terms of this Loan Agreement, or otherwise by the Borrower, the Guarantor or any person who is liable for any obligation of the Borrower under the Authority Loan, in connection with such loan transaction, shall prove to have been false or misleading in any material respect when made; or

(c) the occurrence of an Event of Default as defined in the Bond, the Bank Agreement, the Note or Guaranty; or

(d) the Borrower or the Guarantor shall have applied for or consented to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets; admitted in writing the inability to pay its debts as they mature; made a general assignment for the benefit of creditors; obtained relief under the bankruptcy laws, or filed a petition or an answer or suffered the filing against it of a petition seeking reorganization or an arrangement with creditors or liquidation or other relief as a debtor under bankruptcy, insolvency, or other laws; or taken advantage of any insolvency law; or an order, judgment or decree shall have been entered, the application, approval or consent of the Borrower or the Guarantor by any Court of competent jurisdiction approving a petition seeking reorganization of the Borrower or the Guarantor, or appointing a receiver, trustee or liquidator of the Borrower or Guarantor of a substantial part of its assets; or

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(e) if there is any sale, lease, assignment, conveyance or transfer in violation of Section 5.13 of this Loan Agreement; or

(f) if the Borrower shall fail to maintain policies of hazard and liability insurance with respect to the Project, at all times, as required by Article VI hereof; or

(g) a default in the payment or performance of any covenant under any loan from the Bank or its affiliates to the Borrower or the Guarantor or any subsidiary of the Guarantor or any other agreement by which the Borrower or the Guarantor or any other subsidiary of the Guarantor is bound and such default is not cured within fifteen days after notice thereof to the Borrower and the Guarantor; or

(h) if any other indebtedness for borrowed money or purchase money indebtedness of the Borrower or Guarantor or any affiliate thereof shall not be paid at its maturity or if there shall be a default in any such indebtedness or an instrument governing the same and the grace period, if any, on such default has expired so that the holder or holders of such indebtedness may accelerate the maturity thereof; or

(i) the failure to complete the Project by the completion date specified herein or any delay or suspension of work on the Project for a continuous period in excess of ten (10) business days or aggregate periods in excess of thirty (30) days, without cause satisfactory to the Bank, or if the work is not prosecuted vigorously with such force of workmen and such materials as shall be satisfactory to the Bank, at any time during the progress of the work, or if there is a failure to supply or cause to be supplied a sufficiency of materials or workmen to progress toward completion within the time herein stated, and such failure or neglect continues after notice thereof shall have been given in writing by the Bank or the Authority to the Borrower; or

(j) any abandonment or desertion of the Project before completion or refusal to proceed with construction for any reason other than strikes, lockouts, adverse weather conditions or other reason beyond the control of the Borrower after written notice by the Bank to proceed with the work; or

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(k) if the Borrower shall default in the due observance or performance of or compliance with any of the provisions, warranties, covenants, promises, agreements, terms or conditions to be observed, performed, or complied with by the Borrower, as contained in this Loan Agreement and the Note, other than those referred to in paragraphs (a) to (j) inclusive of this Section, and such default shall continue for a period of fifteen (15) days after notice thereof to the Borrower and the Guarantor, except in the case of a default under Paragraph 5.16 in which case such default shall continue for fifteen (15) days after occurrence.

Section 7.2. Remedies. Upon the occurrence of an Event of Default, and at any time thereafter during the continuation of such Event of Default, the Bank, as assignee of the Authority, may exercise any right or remedy available to it in law or equity and may take one or more of the following remedial steps:

(a) declare the entire principal amount of the Note to be due and payable forthwith, whereupon the Note shall become forthwith due and payable, both as to principal and interest, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note or elsewhere to the contrary notwithstanding;

(b) take any action at law or in equity to collect the payments then due and thereafter to become due under the Note or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement;

(c) exercise all rights and remedies provided for in the Bank Agreement and Guaranty;

(d) after prior written notice to the Borrower, perform for the account of the Borrower any covenant in the performance of which the Borrower is in default or make any payment for which the Borrower is in default. The Borrower shall pay to the Authority and the Bank upon demand any amount paid by them in the performance of such covenant. Any amounts which shall have been paid by reason of failure of the Borrower to comply with any covenant or provision of this Loan Agreement, including reasonable counsel fees, incurred in connection with prosecution or defense of any proceedings instituted by reason of default of the Borrower, shall bear interest at the Revised Rate as defined in the Note from time to time applicable to the Note plus one

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(e) to pay or perform any obligation on behalf of the Borrower in connection with the Project; or

(f) cause the Escrow Agent as defined in the Bank Agreement to discontinue disbursement of any portion of the Authority Loan proceeds;

(g) pay or perform any obligation on behalf of the Borrower in connection with the Project and proceed with construction of the Project through such contractors as the Authority or the Bank may select, and in addition to other rights and remedies which the Authority or the Bank may have, at any time thereafter take possession of the Project, together with all materials, equipment and improvements thereon whether affixed to the realty or not and perform any and all work and labor necessary to complete all or such portion as the Bank may determine to be appropriate, the improvements constituting the Project substantially according to the plans and specifications; or

(h) guaranty payment of any account for labor or materials employed in the construction of the Project and upon the issuance of any such guaranty, requisition from and charge to the Escrow Account an amount equal to the amount guaranteed, and make payment to the person or entity in whose favor any such guaranty is issued without any order or authorization from the Borrower, general contractor or any other party; or

(i) set-off funds held in the Escrow Account against amounts owed to Bank.

To implement the remedies of the Bank, as assignee of the Authority, under paragraphs (g) and (h) above, the Borrower hereby constitutes the Bank and any contractor authorized or employed by it as its true and lawful attorneys in fact with full power of substitution in the premises to complete all or any portion of the Project in the name of the Borrower, to pay all bills and expenses incurred thereby, to use any balance of the Authority Loan which may not have been advanced for the purpose of completing the Project, to make such additions and changes and corrections in the plans and specifications as may be necessary or desirable to complete all or any portion of the Project, to employ such contractors, agents, architects and inspectors as shall be required, to pay, settle or compromise all existing bills and claims which may be or become liens against the premises or as may be necessary or desirable for completion of all or any portion of the Project or for the clearance of title, to execute all applications, certificates or instruments in the name of the Borrower which may be required by any governmental authority or con-

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tract, and do any and every act which the Borrower might do in its own behalf or which the Bank shall determine to be necessary to secure completion of all or any portion of the Project. It is further understood and agreed that this power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. The above mentioned attorneys shall also have power to prosecute and defend all actions and proceedings in connection with the construction of the Project and to take such action and require such performance under any surety bond or other obligation or to execute in the name of the Borrower such further bonds or obligations as may be reasonably required in connection with the work. The Borrower hereby assigns and quitclaims to the Bank all sums in the Escrow Account and grants the Bank a right of set-off against all sums held in such account at the option of the Bank in the event of the occurrence of any Event of Default, but the Bank shall be under no obligation to do any of the things provided in this paragraph.

If any party shall have proceeded to enforce this Loan Agreement by suit or action in equity or in Law and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to such party, then the Borrower, the Authority and the Bank shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority and Bank shall continue as though no such proceedings had taken place.

With respect to Reserved Rights, the Authority may exercise any right available at law or in equity provided, however, that in no event shall such right or remedy include acceleration of the Bond or Note (such restriction not to be applied to the Bank as assignee of the Authority) nor shall the exercise of such Reserved Right impede or impair the rights and remedies of the Bank with respect to enforcement of its rights to payment and performance as provided in the Bond, the Bank Loan Agreement, the Note, the Loan Agreement, the Guarantee and all related documents, instruments and agreements.

Section 7.3. Right of Bank to Exercise Remedies. The Borrower acknowledges that the Bank, as the assignee of the Authority's rights hereunder, except for the Reserved Rights, has the right to exercise all rights and remedies set forth herein or otherwise available to the Authority at law or in equity except for Reserved Rights which may be exercised by the Authority.

Section 7.4. Service of Process. If any service upon the Borrower is or may hereafter be required in connection with any suit or exercise of other rights and remedies against it hereunder or under the Note, the Borrower does hereby appoint the Secretary of State of Delaware as its agent to receive such service with written notice sent to the Borrower at the address

hereunder or under the Note, the Borrower does hereby appoint the Secretary of State of Delaware as its agent to receive such service with written notice sent to the Borrower at the address specified in this Loan Agreement. The Borrower does hereby consent to jurisdiction of any such suit brought in Delaware or the Commonwealth of Pennsylvania and does waive any objection to the jurisdiction or venue of any such suit, action or proceeding on this Loan Agreement and Note in any of the courts of the State of Delaware. The Borrower hereby consents to service of process by any lawful means deemed appropriate by the Bank with a copy to be delivered to the Borrower at its address set forth in Section 8.4 hereof.

Section 7.5. Waiver of Errors and Exemptions. The Borrower hereby waives and releases all errors, defects and imperfections whatsoever of a procedural nature in the entering of any judgment or any process or proceedings arising out of this Loan Agreement and the benefit of any law which now or hereafter might authorize the stay of any execution to be issued on any judgment recovered hereunder or the exemption of any property from levy or sale thereunder or the valuation or appraisal of the Project.

Section 7.6. No Remedy Exclusive. No remedy herein conferred or reserved is intended to be exclusive of any other available rights and remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other right and remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, remedy, privilege or power accruing upon any default shall impair any such right, remedy, privilege or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. No notice, other than such notice as may be required in this Loan Agreement, shall be required precedent to the exercise of any remedy hereunder or at law, in equity or pursuant to statute.

Section 7.7. Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Loan Agreement and either the Authority or the Bank shall require and employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Authority or the Bank the fees of such attorneys and such other expenses so incurred.

Section 7.8. No Waiver Implied. Any failure by the Authority or the Bank to insist upon the strict performance by

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and the Bank shall have the right thereafter to insist upon the strict performance by the Borrower of any and all of the terms, covenants, agreements, conditions and provisions of this Loan Agreement. Neither the Borrower nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured hereunder shall be relieved of such obligation by reason of the failure of the Authority or the Bank to comply with any request of the Borrower or of any other person so obligated to take action to enforce any of the provisions of this Loan Agreement or by reason of the release, regardless of consideration, of the whole or any part of the security held for the indebtedness secured hereunder or by reason of any agreement or stipulation between any subsequent owner or owners of the Project or the extension of the time of payment hereunder or modifying the terms hereof and in the latter event, the Borrower and all such other persons shall continue liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Authority and the Bank. No waiver of any breach by the Borrower of any of its obligations, agreements or covenants hereunder shall be a waiver of any subsequent breach or of any other obligation, agreement or covenant, nor shall any forbearance to seek a remedy for any breach by the Borrower be a waiver of any rights and remedies with respect to any subsequent breach.

Section 7.9. Default by Authority - Limited Liability. Notwithstanding any provision or obligation to the contrary hereinbefore or hereinafter set forth, no provision of this Loan Agreement shall be construed so as to give rise to any liability of the State, any political subdivision or any agency thereof, or the Authority or to give rise to a charge upon the general credit of the State, any political subdivision or any agency thereof, or the Authority except as otherwise set forth in this Section. The Bond shall not constitute a debt of the State nor any political subdivision or any agency thereof, or a pledge of the full faith and credit or taxing power of the State or any political subdivision or any agency thereof, and shall not obligate the State or the Authority to make any appropriation for its payment. The liability of the Authority hereunder shall be limited solely to the payments under and proceeds of the Bond, Note, Guaranty and the Loan Agreement, and any other funds or property given as security therefor by the Borrower or the Guarantor ("Revenues"), and the lien of any judgment shall be restricted thereto.

The Authority does not assume general liability for the repayment of the Bond or for the costs, fees, penalties, taxes, interest, omissions, charges, insurance or any other payments recited herein. The Authority shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower or the Bank if any event of default shall occur hereunder.

Notwithstanding anything to the contrary contained herein, or in the Bond, the Assignment or any other agreement or document executed by the Authority in connection with the foregoing, the Authority shall have no liability, legal, moral or otherwise, except from the Revenues, to the Bank, or any other holder of the Bond, or the Borrower in connection with the Project, the Bond, the Note, the Assignment, this Agreement or any agreement or document executed or used in connection therewith, including, without limitation, any liability or loss resulting from or suffered upon (a) the occurrence of any Event of Default under the foregoing documents or the security instruments referred to herein, (b) any diminution in the value of the Project or any collateral given to secure the Bond or Note, (c) any failure to perfect a lien or security interest in or against the Project or any collateral given to secure the Bond or Note, (d) any inaccuracy of or failure to complete any information or document submitted by the Authority to the Internal Revenue Service (including, without limitation, whether or not any such submission results in taxation of the Bond), (e) any failure of the Authority to comply with any requirement of the Code (including, without limitation if the average maturity of the Bond exceeds one hundred twenty percent (120%) of the average reasonably expected economic life of the facilities to be financed with the proceeds of the Bond and any registration requirements relating to the Bond), (f) any misrepresentation of the Authority, or (g) any other cause, matter or thing whatsoever.

No recourse shall be had for any claim based on this Loan Agreement or the Bond or any document delivered pursuant to this Loan Agreement or the Bond against the Authority (except as otherwise herein provided) or any elected official of the State (including, without limitation, the Lieutenant Governor of the State) or against any member, officer or employee, past, present or future, of the Authority, the Delaware Development Office, the Council on Development Finance of the State, or any successor bodies of the foregoing entities, either directly or indirectly, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

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ARTICLE VIII

MISCELLANEOUS

Section 8.1. Representations and Special Covenants of Authority. The Authority represents, warrants and agrees that:

(a) It is a body corporate and politic constituting an instrumentality of the State and is authorized to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. The Authority has duly authorized the execution and delivery of this Loan Agreement; and

(b) Except for the Assignment of this Loan Agreement and the Note and related documents to the Bank as herein provided, the Authority has not and shall not sell, assign, encumber, convey or otherwise dispose of its rights hereunder or its interest in the Project or any part thereof.

(c) This Agreement constitutes a valid and binding obligation of the Authority, enforceable in accordance with its terms.

Section 8.2. No Assignment by Borrower.

(a) The Borrower shall not assign its rights under this Loan Agreement or otherwise transfer its interest hereunder without the prior written consent of the Bank and any such attempted assignment or transfer shall be of no effect and void.

(b) The Borrower shall not assign its rights under this Loan Agreement or otherwise transfer its interest hereunder unless the proposed transferee qualifies as an "Assisted Person" under the Act in the sole opinion of the Authority, in the reasonable exercise of its discretion.

Section 8.3. Filing of Other Documents. The parties shall execute and the Borrower shall file other documents necessary to perfect all security interests created pursuant to the terms of this Loan Agreement.

Section 8.4. Notices. All notices, demands, requests, consents, certificates, elections and waivers from either party pursuant to any provision of this Loan Agreement shall be in writing and sent by United States registered or certified mail,

return receipt requested, postage prepaid, addressed if to the Authority, as follows:

The Delaware Economic Development Authority
99 Kings Highway
P. O. Box 1401
Dover, Delaware 19903
Attention: Chairman

if to the Borrower as follows:

Standard Chlorine of Delaware, Inc.
Governor Lea Road
P.O. Box 319
Delaware City, DE 19706
Attention: Mr. Anthony R. Sinibaldi

and if to the Guarantor as follows:

Standard Chlorine Chemical Co., Inc.
1035 Belleville Turnpike
Kearny, New Jersey 07032
Attention: Mr. Louis Weiner

with a copy to the Bank addressed as follows:

Fidelity Bank, N.A.
Broad and Walnut Streets
Philadelphia, Pennsylvania 19109
Attention: Mr. Walther F. Ramos, Jr.

or to such other address as the party to receive the communication may hereafter designate by written notice to the others and such notices shall be deemed to have been received 2 days after mailed.

Section 8.5. Further Action by Borrower.

(a) The Borrower shall promptly upon request of the Bank do all acts and things, including but not limited to the execution of any further assurances deemed necessary by the Bank to establish, confirm, maintain and continue the security created and intended to be created hereunder, all assignments made or intended to be made pursuant hereto, and all other rights and benefits conferred or intended to be conferred on the Bank, and the Borrower shall pay all costs incurred by the Authority or the Bank in connection therewith, including reasonable counsel fees and expenses.

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(b) The Borrower shall promptly upon request of the Authority do all acts and things, including but not limited to the execution of any further assurances deemed necessary by the Authority with respect to the Reserved Rights and the Borrower shall pay all costs incurred by the Authority in connection therewith, including reasonable counsel fees and expenses.

Section 8.6. Survival of Covenants - Successors and Assigns-Third Party Beneficiaries. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto and in connection herewith shall survive the making of the Authority Loan and the execution and delivery of the Note and shall continue in full force and effect so long as the obligations hereunder and thereunder are outstanding and unpaid. Whenever in this Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Authority.

No part of the Authority's or the Bank's funds paid or advanced under this Agreement or the Bank Agreement and no part of the Escrow Account, as defined in the Bank Agreement, shall be subject to attachment or levy in the suit of any creditor of the Authority or Borrower except the Bank and except as specified in Section 5.8 hereof or any agent manufacturer, supplier, materialman, contractor or subcontractor. This Agreement shall not create any rights as a third party beneficiary in any agent, manufacturer, supplier, materialman, contractor, subcontractor or any other person not a party to this Agreement, except the Bank, and except as specified in Section 5.8 hereof.

Section 8.7. Delaware Law Governs. This Loan Agreement shall be construed in accordance with and governed by the laws of the State.

Section 8.8. Modifications in Writing. Amendments, modifications or waivers of any provision of this Loan Agreement or the documents delivered hereunder or consent to any departure by the Borrower therefrom shall in no event be effective unless the same shall be in writing and such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

Section 8.9. Captions. The Section and Article headings and Table of Contents contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Loan Agreement.

Section 8.10. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.11. Prior Agreements Superseded. This Loan Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Authority and the Borrower relating to the Project.

Section 8.12. Counterparts. This Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.13. Effective Date and Term. This Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall remain in full force from the date hereof and, subject to the provisions hereof, shall expire on such date as the Bond and the interest thereon, the Note and the interest thereon and all other expenses or sums to which the Authority and the Bank are entitled, have been finally and irrevocably paid and retired.

AR200281

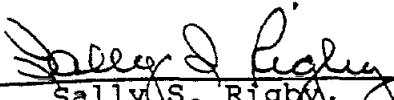
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IN WITNESS WHEREOF, the parties hereto have duly executed this Loan Agreement, as of the date first above written.

(SEAL)

Attest:

THE DELAWARE ECONOMIC DEVELOPMENT
AUTHORITY

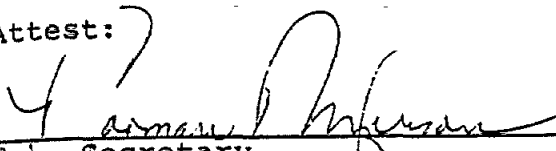
By: 
Sally S. Rigby,
Secretary, Council on
Development Finance

By: 
Nathan Hayward III,
Chairman

(SEAL)

Attest:

STANDARD CHLORINE OF DELAWARE, INC.


Herman P. Johnson
Secretary

By: 
A. E. Jones
President

AR200282

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EXHIBIT A

Borrower's application to the Authority dated June 22, 1984
was supplemented by letter dated September 10, 1984
addressed to the Authority by the Borrower.

AR200283

STANDARD CHLORINE OF DELAWARE, INC.

1035 BELLEVILLE TURNPIKE • KEARNY, NEW JERSEY 07032

December 1984

PROJECT INVESTMENT SCHEDULE - REVISION I

<u>Project Number</u>	<u>Description of Project</u>	<u>Esti. Capital Cost</u>
008	Calcium Chloride Manufacture	\$460M
013	Waste Heat Recovery System	600M
017	Ground Water Abatement Program	700M
027	Expansion Manufacture of 22 nd Baume Acid	140M
048	Dechlorination of Polychlors	160M
065	Manufacture of Meta dichlorobenzene	250M
081	Design and construction of Research and Development Bldg. and Employee Controlled Environment Change House	800M
077	Purchase 40 ton mobile hydraulic crane	160M
NRV-84	MCH vapor recompression energy reduction system	700M
GCMS-84	Gas chromatography - mass Spectrophotometry analysis computer	200M
RGC-84	Chromatographic analyzer	150M
GRI-84	Sledge incineration and fume scrubber for pollution abatement	1500M
FE/BSG-84	Redesign benzene stripping operation for emission control	500M
FE/DCBS-84	Redesign for benzene emission compliance	405M
EFS-84	Final fluent solids removal filter	175M
ECG-84	Cogeneration/100 psig steam system	200M
PRV-2-84	Vapor recompression dichlor energy system	1600M
TOTAL COSTS		\$8,700,000

AR200284

Standard Chlorine Chemical of Delaware, Inc.

December 21, 1984

Fidelity Bank, National Association
Broad and Walnut Streets
Philadelphia, PA 19109

Attention: Walther F. Ramos, Jr.

Gentlemen:

On the date hereof we, Standard Chlorine Chemical of Delaware, Inc. ("Borrower") have delivered to you ("Bank") a copy of a letter dated December 3, 1984, addressed to Ernest S. Wilson, Jr., Esquire which describes certain pending or threatened claims against the Borrower (a copy of which is attached hereto). This letter is intended to confirm that said letter of December 3, 1984, is the letter referred to in Section 4.4 of the Loan Agreement between the Delaware Economic Development Authority and the Borrower dated the date hereof.

Very truly yours,



Louis P. Wiener

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STANDARD CHLORINE OF DELAWARE, INC.

GOVERNOR LEA ROAD • P.O BOX 319 • DELAWARE CITY, DELAWARE 19706

December 3, 1984

Ernest S. Wilson, Jr., Esquire
Saul, Ewing, Remick and Saul
One Rodney Square
P. O. Box 1266
Wilmington, Delaware 19899

Re: Yours 29 November 1984
Pending or threatened actions against SCD

Dear Ernie,

There are several subjects related to the referenced matter. Currently the DNREC of the State of Delaware has an action plan approval pending for on site ground water contamination abatement. We expect this pollution reduction program to be ongoing and not materially adversely affect the financial position of SCD or its Guarantor.

There is a threatened action by a third party for off site ground water contamination but as yet no claim has been made. If it should eventuate we do not feel it would be material at this time.

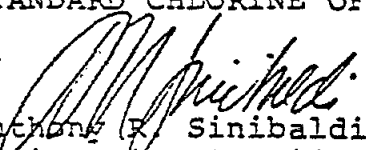
Finally, SCD was served with a subpoena to produce records for waste removal. ICI is querying many companies and we cannot project what the implications are at this time, however, we believe we are not involved in this matter in any meaningful way.

Separately, the corporate office location in Kearny is threatened with a potential environmental action for pollution to property of Standard Chlorine Chemical Company. The implications are not clear as to materiality or the need for revealing this item under the Bond and Note Agreement; however, no significant effect is anticipated.

We should also state that at this time, no action, Civil, Criminal, Environmental or other, is or has the potential for materially adversely affecting the financial position of SCD.

Sincerely,

STANDARD CHLORINE OF DELAWARE, INC.

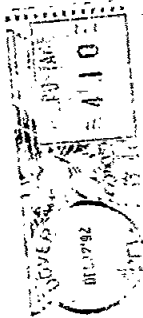

Anthony R. Sinibaldi,
Senior Vice President

AR200286

ARS/jb

cc: L. P. Wiener

DELAWARE DEVELOPMENT OFFICE
KINGS HIGHWAY
P. O. BOX 1401
DOVER, DELAWARE 19903



Ms. Joan Armstrong
U.S. Environmental Protection Agency
PRP Search Section (3HW11)
841 Chestnut Building
Philadelphia, PA 19107

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